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# MONTHLY BULLETIN

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The movement as a whole has until now been more or less in the formative stage. In a vast country like India it has naturally developed upon slightly different lines in different districts, and administrative practice, particularly with respect to the classification of societies, has varied considerably from one Province to another. In our previous articles dealing with Co-operation in India it has for these reasons been considered advisable to deal with the progress of co-operation in each Province separately, and this has necessitated dividing the account of each year's working into two parts dealing respectively with Rural Societies and Central Societies.

The need for such detailed examination is now, however, materially lessened by the fact that, speaking generally, the co-operative movement is progressing steadily upon well defined lines, and the Reports of the Registrars are practically uniform. This makes it possible for us to present the information for the whole of India with comparatively little explanation or amplification, and conclude our examination of both Central Societies and Agricultural Societies within the limits of a single article. We shall thus find room in another number of the *Bulletin* for a wider discussion of the co-operative movement in which we shall consider not only the direct material benefits which have resulted from the formation of societies, but also those other results of the movement which may be said to be indirect or incidental, and which are largely social and educational.

Before examining the work of the two classes of Societies with which we are chiefly concerned — Agricultural Societies and Central Societies — it will be well to refer briefly to the official sources of information and explain the form in which the returns for each year are presented.

#### (a) *The Official Statements and Reports.*

The information relating to the whole co-operative movement in India is contained in the *Annual Reports* of the Registrars of Co-operative Societies in the various Provinces. These *Reports* are forwarded to the Revenue Department where, under the direction of the Chief Secretary to Government, a statistical abstract is prepared and issued under the title of *Statements showing the Progress of the Co-operative Movement in India*.

In the returns with which we are dealing some slight changes have been made. In the year under review the Co-operative Societies Act (II of 1912) came into force, and as a result the distinction between Rural and Urban Societies has been dropped and these societies are now classed as Agricultural and Non-agricultural respectively.

In the second place the Profit and Loss Account hitherto shown for each class of society has been eliminated; and, lastly, two new *Statements* appear in the returns, one relating to Cattle Insurance Societies, and one, which has been specially prepared for the use of the International Institute of Agriculture, relating to Agricultural and Central Societies.

To some extent, too, the information contained in the returns has been rendered more precise. In previous years the societies in each class have

been distinguished only as "Credit Societies" or "Other Societies". The latter are now subdivided into Societies for, (1) Purchase and Purchase and Sale, (2) Production, (3) Production and Sale, (4) Insurance, (5) Other Forms of Co-operation.

With respect to the working of Credit Societies which form the majority of all societies — Agricultural, Non-agricultural and Central — additional information is now given as to the "Most usual rate of Interest, (a) on Loans made by Society, (b) on Deposits, (c) on Shares".

Much useful information relating to the progress of co-operation in India is to be found in the published *Proceedings* of the Annual Conferences of Registrars of Co-operative Societies. At each Conference the Registrars submit brief Reports upon the progress of co-operation in their respective Provinces. In these Reports the Registrars call attention to any development of the movement which is peculiar to their own Province and to any special difficulties which have been encountered during the year.

After the reading of the Reports the Conference takes up its real work, which is the discussion of questions of policy and of practice relating to the co-operative movement in India. The papers read before the Conference and the discussions which follow throw much light upon the progress of the movement, and help the student of co-operation unfamiliar with Indian affairs to understand much which at first sight seems obscure. But it is only incidentally that the Conferences serve the useful purpose of explaining the progress of Indian Co-operation to the uninitiated. Their real importance arises from the fact that the Resolutions passed in them serve to guide the Governments, both Local and Imperial, in drawing up rules for the management of societies, and in this way it is due largely to the Conferences that the movement is now progressing upon sound and practically upon uniform lines.

#### (b) *The Rapid Growth of the Movement.*

In spite of the fact that Government has consistently endeavoured to check any tendency towards undue expansion, the growth in the number of societies and the capital at their disposal has been astonishingly rapid, as may be seen from the following Table :

TABLE I. — *All Societies : Membership and Working Capital.*

At end of Year	1905-6	1906-7	1907-8	1908-9	1909-10	1910-11	1911-12	1912-13
Total Number of Members . . . . .	28,629	90,844	149,160	184,889	230,698	314,101	403,318	573,336
	£	£	£	£	£	£	£	£
Total Working Capital .	32,000	158,000	294,500	538,000	827,000	1,358,000	2,238,000	3,562,000



In Table II we give an abstract of certain information relating to all societies, the figures for the year under review ending June 30th, 1913, being compared with those for the previous working year.

TABLE II. — *Abstract: All Societies.*

	1912	1913
<b>I. — NUMBER OF SOCIETIES.</b>		
<i>Central</i> . . . . .	120	251
<i>Non-agricultural</i> . . . . .	495	691
<i>Agricultural</i> . . . . .	7,562	11,382
<b>Total</b> . . . . .	8,177	12,324
<b>II. — NUMBER OF MEMBERS.</b>		
	403,318	573,536
<b>III. — CAPITAL.</b>		
	<b>Rs.</b>	<b>Rs.</b>
Loans from private persons . . . . .	88,39,777	1,33,62,788
Loans from other Societies . . . . .	1,10,41,533	1,93,61,345
Share capital . . . . .	52,58,037	86,19,793
Deposits by members . . . . .	65,07,698	93,54,645
State aid . . . . .	9,34,663	11,27,547
Reserve . . . . .	9,92,454	16,08,143
<b>Total</b> . . . . .	3,35,74,162	5,34,34,261
<b>IV. — DISBURSEMENTS.</b>		
Deposits repaid to members . . . . .	43,63,789	97,16,232
Loans repaid to private persons . . . . .	46,54,183	86,39,346
Loans repaid to other Societies . . . . .	50,29,298	75,62,011
Loans issued to members . . . . .	1,78,71,024	2,78,10,688
Loans issued to other Societies . . . . .	90,79,616	1,59,16,285
Interest paid on loans and deposits . . . . .	13,17,388	22,12,097
Dividend and bonus paid . . . . .	1,56,207	2,23,373
Establishment and contingencies . . . . .	2,73,384	4,49,177
Other items . . . . .	16,04,322	28,05,650
<b>Total</b> . . . . .	4,43,49,211	7,53,34,859

As we shall be occupied in the rest of this article entirely with the progress of Agricultural Societies and Central Societies, it will be convenient

here to consider very briefly the progress of the Non-agricultural Societies, the figures relating to which are included in the above Tables.

### (c) *Non-agricultural Societies.*

The number of such Societies India on June 30th, 1913, was 691, of which 610 were Credit Societies and the remainder (with but few exceptions) were Societies for Purchase or for Purchase and Sale. They are most numerous in the United Provinces where there are 175 societies. The Membership of the 691 Societies was 76,378, and the Total Working Capital, Rs. 57, 04,584.

The members are drawn from many different classes, — clerks, telegraphists, weavers, brass workers, small traders, etc. — and the Societies themselves vary greatly in size and in co-operative character. They include People's Banks, which aim at meeting the credit needs of artisans and the professional classes, societies formed among the members of a particular trade or caste, and societies founded by philanthropic persons among some of the poorest classes of town workers. Many of these trade or caste societies are on a very small scale indeed, but from the point of view of the community, as factors which contribute to the moral and social progress of India, their work is certainly not less important than that of wealthier societies whose members have never felt the severe economic pressure against which co-operation is the natural defence.

The management of a Non-agricultural Society presents difficulties which are not usually encountered in connection with Agricultural Societies. Normally, a Non-agricultural Society is based on limited liability, and this fact alone considerably complicates the work of management. Many of the earlier societies proved in practice to be unsatisfactory. Some of these have been definitely eliminated while others have been reorganised on sound lines and are now working successfully. There are many people in India who have high hopes that the co-operative movement will revitalise many of the traditional handicrafts and industries which in India have for long been struggling against the competition of modern methods of production.

## II. — AGRICULTURAL SOCIETIES.

### § 1. GENERAL PROGRESS.

On June 30th, 1913, there were 11,382 Agricultural Societies in India as against 7,562 at the end of the previous working year. The increase, amounting to 50 per cent. exactly, seems extraordinarily large. It must, however, be remembered that for a few years past the Registrars have been proceeding very carefully in the matter of registration and have in a very large

number of cases postponed the recognition of societies which were quite ready to begin business until time could be found to enquire into all the circumstances of their formation. We may, therefore, conclude that many of the new societies registered in 1913 had really been in existence for some considerable time and, for one reason or another, had not yet received recognition. It must also be borne in mind that even with more than eleven thousand societies at work the co-operative movement has reached only a very small percentage of the people who live by agriculture in India, and that for many years to come there will still be unlimited room for expansion.

The progress of Agricultural Societies is shown below in Table III, and a glance at the average figures will show that, in spite of the great and unprecedented expansion in number, the development of the societies has been quite normal. Table IV shows the financial situation as at June 30th, 1913.

TABLE III. — *Progress of Agricultural Societies, 1912-1913.*

	1912	1913
Number of Societies . . . . .	7,562	11,382
Membership:		
Aggregate . . . . .	324,860	467,378
Average (per Society) . . . . .	43	41
Working Capital:	<i>Rupees (1)</i>	<i>Rupees</i>
Aggregate . . . . .	1,82,29,061	2,90,18,634
Average (per Society) . . . . .	2,410	2,549
Loans Outstanding:		
Aggregate . . . . .	1,74,67,950	2,73,02,043
Average (per Society) . . . . .	2,309	2,398
Loans Granted:		
Aggregate . . . . .	1,44,32,036	2,26,66,825
Average (per Society) . . . . .	1,908	1,991

(1) A rupee is equal to 1s. 4d. or 1 fr. 68. The figures are divided so as to show the number of lakhs, a lakh being 100,000 rupees.

TABLE IV. — *Agricultural Societies : Balance Sheet.*

Assets		Liabilities	
	Rs.		Rs.
Cash in Hand and Bank . . . .	13,36,997	Loans and Deposits:	
Value of Investments . . . . .	4,75,526	From Non-members . . . . .	31,67,267
Loans Due:		From Other Societies . . . . .	1,66,38,034
By Members . . . . .	2,58,03,474	Loans from Government . . . .	9,96,759
By Societies . . . . .	14,98,569	Deposits of Members . . . . .	29,40,799
Interest Due to Societies . . . .	11,42,714	Share Capital . . . . .	37,84,075
Value of Stock in Hand . . . .	1,28,236	Interest and Dividend Due by	
Other Items . . . . .	1,74,812	Societies . . . . .	5,56,771
		Cost of Management Due . . . .	27,404
		Other Items . . . . .	68,426
		Reserve Fund (Undistributed	
		Profits) . . . . .	10,68,198
		Total . . . . . (1)	2,92,47,769
		Amended Total . . . . .	2,92,41,897
		Balance (Profit) . . . . .	13,18,431
Total . . . . .	3,05,60,328		3,05,60,328

(1) These figures must be amended. In the accounts relating to the Coorg Agricultural Societies the Profit on the year's working, amounting to Rs. 5,872, is shown twice: distributed between the Reserve Fund and the Share Capital it appears as part of the Total Liabilities, and it is then shown separately as a Profit. To avoid counting it twice in our Balance Sheet we must deduct it from the Total Liabilities, the Amended Total being Rs. 2,92,41,897.

#### (a) *Working Capital.*

In the year under review the amount of Working Capital shown, Rs. 2,90,18,634, is the total of the items, Cash in Hand, Loans Due by Members, Loans Due by Societies, Value of Stock in Hand, and Other Items, which form the bulk of the Assets of the Societies as shown in the Balance Sheet. This is a departure from the practice of previous years in which Working Capital has been taken to be the total of the items, Loans from Non-members, Loans from Other Societies, Share Capital, Deposits by Members State Aid and Reserve Fund, which in the Balance Sheet appear as Liabilities. The change does not affect to any great extent the amount shown as Working Capital, for since the Societies lend out practically the whole of the funds in their possession it makes but little difference whether the amount of these funds is ascertained by referring to the Credit or to the Debit side of the Balance Sheet. In Table III the Working Capital is the total of the principal Assets and is Rs. 2,90,18,634; cal-

culated as in previous years as the sum of the principal Liabilities it would amount to Rs. 2,85,95,168.

For the purpose of comparison with previous year's figures we shall show how the latter amount is made up.

TABLE V. — *Agricultural Societies: Sources of Capital.*

Source	Amount	Percentage of Total
	Rs.	
Loans and Deposits from Non-members . . . . .	31,67,267	11.1
Loans and Deposits from Other Societies . . . . .	1,66,38,034	58.2
Loans from Government . . . . .	9,96,795	3.5
Deposits of Members . . . . .	29,40,799	10.3
Share Capital . . . . .	37,84,075	13.2
Reserve Fund . . . . .	10,68,198	3.7
Total . . . . .	2,85,95,168	100

In Table VI we show the above percentages compared with the corresponding percentages for the four previous years.

TABLE VI. — *Agricultural Societies: Sources of Capital (Percentages).*

Source	Percentages of Total Capital				
	1909	1910	1911	1912	1913
Loans and Deposits from Non-Members . . . . .	18.0	16.5	13.7	10.8	11.2
Loans and Deposits from Other Societies . . . . .	35.8	42.4	50.2	56.0	58.2
Loans from Government . . . . .	13.7	9.1	5.5	4.4	3.5
Deposits of Members . . . . .	15.4	14.9	14.2	12.4	10.3
Share Capital . . . . .	14.1	14.1	13.3	12.8	13.2
Reserve Fund . . . . .	2.6	3.0	3.1	3.6	3.7
Total . . . . .	100	100	100	100	100

The figures shown in Table VI are a clear indication of the steady progress of the societies. In 1909, the number of Agricultural Societies was only 1,766. By 1913, they had increased in number to 11,382; yet the changes shown above have been gradual and uninterrupted. The figures hardly call for comment. Loans from Government have decreased rapidly in relative importance and are now only  $3\frac{1}{2}$  per cent of the total. Loans and

Deposits from Other Societies have risen quickly to nearly 60 per cent. of the total but now appear to be approaching their maximum importance; and the Reserve Fund is growing slowly and, it would seem, laboriously.

(b) *Loans Outstanding and Granted.*

The total amount of Loans Due on June 30th, 1913, was Rs. 2,73,02,043 made up as follows:

Due by Members: Rs. 2,58,03,574 (of which R. 28,69,828 overdue).

Due by Societies: Rs. 14,98,569 (of which R. 9,740 overdue).

The proportion overdue amounts in the case of Loans Due by Members to 11 per cent., but in the case of Loans Due by Societies is less than 1 per cent. The amounts overdue are shown for the first time in the returns for 1913 and it is difficult to say to what extent they can be considered accurate. Some societies show more than they should and some show less. The percentages shown probably fairly represent the general situation. The Registrar in the Punjab, with reference to the amount overdue in his Province (16 per cent. of the amount out on loan), writes: "There are three main reasons for this. First, because the process of educating the members to pay up promptly is a slow one. Secondly, because the harvests though good as a whole were poor in parts. Thirdly, because members are busy paying off their old debts and devote to this purpose produce by the sale of which they would otherwise repay their loans".

These remarks are applicable to India as a whole, where the first anxiety of the ryot on his election as a member of a co-operative society is to free himself from debt to the village money-lender in order to raise his standing with the society.

Repayment of old debt is still the principal purpose for which the loans granted are required, at least 30 per cent. of the total amount lent being so used. The purchase of draught cattle is the second object in importance, and the other purposes include payment of Government revenue, household expenses, the purchase of fodder and seed, marriage expenses, the redemption of mortgages, the sinking of wells and the purchase of land. The amount used for the purpose of freeing land from mortgage is relatively very small since the rate of interest which is paid to private lenders for loans secured by mortgages is generally quite reasonable, and is in fact usually lower than the rate at which the societies are prepared to lend. The rate of interest charged for loans varies from 7 per cent. in Bombay to 15 per cent. in Burma, the average for the whole of India being 9 per cent. It is estimated that by dealing with co-operative credit societies the agriculturists effect a saving of more than 10 per cent. in interest charges. The interest paid by the societies on deposits is usually about 6 per cent. In many Provinces the village money lenders themselves, finding their transactions with individuals seriously curtailed, are now investing in the societies. It is hoped, too, that in course of time a part at least of the funds hoarded by the villagers according to the immemorial custom of the East will be attracted to the societies and rendered fruitful.

## § 2. TRANSACTIONS OF AGRICULTURAL SOCIETIES IN 1912-13 AND SITUATION AT THE END OF THE YEAR.

The total income of Agricultural Societies for the year ending June 30th, 1913, was Rs. 3,38,16,904, and the total expenditure Rs. 3,33,70,928. These figures are for all societies and include, therefore, the figures for a few Societies for Production and Sale etc., whose transactions, however, are quite insignificant.

The following Table shows the Receipts and Disbursements for the year.

TABLE VII — *Agricultural Societies: Receipts and Disbursements, 1912-13.*

Receipts		Disbursements	
	Rs.		Rs.
Share Payments . . . . .	15,22,517	Share Capital Withdrawn .	89,748
Loans and Deposits:		Members' Deposits Withdrawn	9,67,053
By Members . . . . .	18,27,567	Loans Repaid to:	
By Non-members . . . . .	21,91,924	Government . . . . .	1,70,773
By Other Societies . . . . .	11,13,889	Central Societies . . . . .	56,23,280
By Government . . . . .	2,82,113	Other Societies . . . . .	4,18,174
By Central Societies . . . . .	1,16,89,534	Non-members . . . . .	10,94,942
Loans Repaid by:		Loans to Members: . . . . .	
Members . . . . .	1,20,60,637	On Personal Security . . .	1,93,67,104
Central Societies . . . . .	81,823	On Mortgage Security . . .	22,30,671
Other Societies . . . . .	2,66,977	Loans to Central Societies .	2,54,229
Interest Received . . . . .	22,17,662	Loans to Other Societies . .	8,14,821
Sale of Goods to Members .	80,902	Interest Paid on Loans and	
Other Income . . . . .	4,81,359	Deposits . . . . .	13,60,061
Total Income of Year . . . .	3,38,16,904	Dividend and Bonus Paid . .	17,462
Opening Balance . . . . .	8,90,952	Stock Bought . . . . .	1,19,633
		Establishment and Contingen-	
		cies . . . . .	1,91,764
		Other Items . . . . .	5,28,524
		Carried to Reserve . . . . .	1,22,689
		Total Expenditure . . . . .	3,33,70,928
		Closing Balance . . . . .	13,36,928
Grand Total (including Opening Balance) . . . . .	3,47,07,856	Grand Total (including Closing Balance) . . . . .	3,47,07,856

(a) *Share Capital.*

The question of the proper definition of the term "Share" was discussed at the Conference of Registrars of Co-operative Societies held at Simla in October, 1913.

Strictly speaking a share issued by a society should represent a financial interest the income-earning value of which is dependent upon the success of the society, and should imply a limitation, absolute or proportionate, of the holder's liability for the obligations of the society. In the case of an Agricultural Society there is normally no distribution of profits and no limitation of a member's liability. It has, however, been found by experience that these strict principles may often with advantage be relaxed to some extent, especially in the direction of permitting some distribution of profits in the form of dividends; and we find that the true definition and function of Share Payments are somewhat differently conceived in different Provinces.

The Registrar of Co-operative Societies in Bombay, addressing the Conference at Simla, said: "In Madras, Agricultural Credit Societies have shares which seem to approximate to entrance fees. In Bengal they are said occasionally to be another name for compulsory local deposits. In the Punjab they apparently resemble endowment insurance policies. In my own Presidency they are similar to the shares issued by joint stock Companies".

Some explanation is due of the system of share payments which exists in the Punjab. Each member in the Punjab is required to subscribe to the share capital in ten annual instalments, the members who join after the first year being required to pay up the amount they could have been called upon to contribute had they joined at the beginning. The profit earned on a share is not distributed but at the end of ten years the accumulated profit, after deducting one quarter for reserve, is added to the value of the share, and on the increased share a dividend is thereafter paid. Until recently a member could withdraw his share at the end of ten years but a new bye-law lays down that all new shares subscribed will be non-returnable. In the United Provinces and in Burma, Agricultural Societies have followed a somewhat similar policy with respect to the division of profits, and with very satisfactory results.

A resolution was passed by the Seventh Conference of Registrars to the effect that deposits and debentures should not be included in the amount returned as "Shares". The importance of a clear definition of shares and a true return as to the amount of share capital is perhaps greater in the case of a limited liability society than in that of a society based on unlimited liability. In the first case the share capital represents the whole of the ultimate guarantee fund; in the second case it is but a part, and may be only a small part of that fund, which consists actually of the combined resources of all the members.



## III. — CENTRAL SOCIETIES.

## § I. GENERAL PROGRESS.

The number of Central Societies increased during the year under review from 120 to 251. For the first time the official *Statements* now distinguish three types of Central Society, namely, Central Banks, of which there were 101 in 1913, Central Banking Unions, of which there were 65, and Unions, of which there were 85. Central Societies, too, are now more strictly defined, no Credit Society being classed as Central which does not lend more than half its funds to other Societies. Out of the 251 societies, only 8 were other than Credit Societies. These 8 Societies, which are all in the Central Provinces, are described as Agricultural Unions. We deal with their organisation and working in another section, but the figures relating to their financial transactions are quite insignificant, and are included with the figures for Credit Societies in the Tables which follow here.

The total membership of Central Societies on June 30th, 1913, was 29,780 comprising 22,909 individuals and 6,871 societies.

Following the order already adopted in dealing with Agricultural Societies we shall first show, in Table VIII, the progress of Central Societies in 1912-13.

TABLE VIII. — *Progress of Central Societies, 1912-1913.*

	1912	1913
Number of Societies . . . . .	120	251
Number of Members:		
Individuals . . . . .	—	22,909
Societies . . . . .	—	6,871
Total . . . . .	11,361	29,780
Working Capital: (1)	<i>Rupees.</i>	<i>Rupees.</i>
Aggregate . . . . .	1,07,73,984	1,95,13,376
Average (per Society) . . . . .	—	77,750
Loans Outstanding: (2)		
Aggregate . . . . .	99,17,296	1,82,20,387
Average (per Society) . . . . .	—	72,631
Loans Granted:		
Aggregate . . . . .	81,39,894	1,52,63,869
Average (per Society) . . . . .	—	60,812

(1) Ordinarily includes the items: Cash in Hand, Loans Due by Members, Loans Due by Societies, Value of Stock in Hand and Other Items.

(2) Of which Rs. 7,74,348 overdue.

(a) *Central Banks and Central Banking Unions.*

There is no strict line of division between Banks and Banking Unions. Usually a Central Bank is composed chiefly of individual shareholders and finances other societies but has little or nothing to do with their inspection and control, while a Banking Union is constituted with other societies as shareholders and both finances and supervises the member societies. But neither Banks nor Banking Unions are constituted on uniform lines throughout the country. In the Punjab, for example, there are 12 Central Banks composed entirely of individual shareholders and 5 composed partly of individuals and partly of societies, while out of 17 Banking Unions, 16 are composed exclusively of societies and 1 admits both societies and individuals as shareholders. About half of the individual societies in India are now shareholders in Central Banks or Unions. Liability in the case of both Banks and Banking Unions is invariably limited. Occasionally the liability of the constituent societies is fixed at some multiple of their shares, and Government is in favour of a more general adoption of this plan.

Banks and Unions are able to lend to individual societies at rates of interest which vary from 7 to 12  $\frac{1}{2}$  per cent., and this enables the societies to lend at lower rates than the local money-lenders, each of whom is usually wholly dependent upon his own resources.

The capital of Banks and Unions consists largely of shares and debentures and this enable them to make a fair proportion of long term loans to local societies in addition to furnishing them with capital for their current needs.

Each central institute, whether called a Bank or a Banking Union, as a rule serves the needs of a group of societies in a certain area; but again there is no uniformity as to the size of the area and, as the Registrars have followed the wise policy of allowing the movement to extend naturally from districts where it has found congenial soil into adjoining districts, by example rather than by precept, it is generally the case that societies are unevenly distributed throughout a Province.

The work of each central credit institute is to bring the borrower into touch with a wider money market and provide the machinery by which the excesses and deficiencies of local societies can be balanced. As the co-operative credit system grows it is being found that Central Banks and Unions are not strong enough to eliminate fluctuations in the situation of the local credit societies within their territory. It has been found necessary to connect them in turn with larger institutes, either joint stock banks or, as in Bombay and the Central Provinces, with specially created Provincial banks.

The Bombay Central Co-operative Bank was started in 1911 with the object of providing a strong central credit institute to deal exclusively with co-operative societies in the Presidency. On its foundation it was authorised to issue shares to the value of 7 lakhs and to issue debentures carrying interest at 4 per cent. per annum, to an amount equal to three

times the paid up capital, Government undertaking to guarantee the interest on the debentures. The paid up share capital, at the end of the year under review, amounted to Rs. 2,10,100 and was subscribed by 903 shareholders.

The remainder of the working capital of Rs. 11,84,452 was raised on deposits. The total amount advanced during the year was Rs. 9,98,950, and on March 31st, 1913, there were 389 loans outstanding amounting to Rs. 11,61,769, of which only Rs. 13,790 had been lent for periods exceeding 5 years. At the end of the year debentures for 5 lakhs were issued, the whole amount being subscribed by three holders. The net profit on the year's working, after meeting expenses carried forward from the previous year, was sufficient to pay a dividend of 6 per cent. and leave Rs. 2,700 to be carried to reserve, and an equal amount to be distributed to borrowing societies in the form of a rebate of interest.

The work of the Bank until the close of 1912-13 had been confined to transactions with unlimited liability Societies, but it has now been decided by the Directors to finance limited liability societies also.

The Provincial Co-operative Bank in the Central Provinces was established in 1912 without anything in the nature of an official guarantee. It deals with Central Societies only, and up to June 30th, 1913, -- the Bank having then been doing business for fifteen months, -- had advanced Rs. 7,08,100 to 24 Central Banks. At the same date the profit for the year then ending, although sufficient to pay a dividend of 5 per cent., was all carried to the reserve fund, which now amounts to Rs. 20,000 and is invested in Government securities. The Bank borrows in the open market at 6 per cent. and lends to Central Societies at 7 per cent.

The Registrar in the Central Provinces, after noting in his Report that some doubts had been expressed as to the necessity for a Provincial Co-operative Bank, says: "Without the Provincial Bank the chain between the small credit Society and the sources of indispensable capital must be incomplete. The Provincial Bank can obtain substantial credit from the Joint Stock Banks, and can grant drawing accounts to Central Banks on the strength of which it is possible for them to accept local deposits. Thus, if deposits are withdrawn there are sources provided from which to pay them. Take away the Provincial Bank and deposit banking becomes impossible for Central Banks".

The Registrar is of opinion also that the co-operative movement must shortly turn its attention to mortgage credit, and writes as follows: "If we are to take up co-operative mortgage credit, we must have a powerful bank which can manage this particular class of business and can issue first mortgage, long term bonds of small denomination to the public. Such work is quite beyond the capacity of Central Banks as it requires very special knowledge and highly skilled attention".

(b) *Supervising Unions.*

The total number of Supervising Unions in India on June 30th, 1913, was 76, of which no less than 67 were in Burma. There were 4 in Madras, 3 in Assam, 1 in Bombay and 1 in Baroda. It must be remembered, however, that most of the Central Banking Unions to which we have already referred undertake some supervision and control of the societies which they finance, and that this part of their work is of continuously increasing importance. The societies which we here refer to as Supervising Unions possess no funds for making advances to affiliated societies. Their work is usually confined to propaganda, instruction and inspection, while in connection with loans to the affiliated societies they act as Credit Committees of the central societies which provide the funds. All applications for loans, that is to say, must be approved by the Union as the condition of their being granted by the central society, and a Union may (though ordinarily it does not) also guarantee the loans which it approves. The Union in Bombay has entered into a working arrangement with the Bombay Central Bank, under which in return for a commission from the Bank, it supervises the loans outstanding and accepts responsibility for half of any default which occurs.

The Registrar in Burma, where the system of Supervising Unions is most highly developed, writes as follows: ' Unions have continued to justify themselves and without them the Government staff could not supervise existing Societies, much less hope to extend operations. Experience is being gained as to the most desirable size for a Union, and it is clear that some of the large ones are becoming unwieldy, and that partition will shortly become necessary. Normally in Upper Burma ten to twenty Societies is the ideal number. It is further becoming evident that a loose federation of the Unions in a district for the directing of policy and general consultation is desirable. A District Co-operative Conference (a short name for the Federation of Unions of Co-operative Societies in a District) of which the Chairmen of all Unions in the District should be members and which should meet half-yearly or quarterly is the sort of machinery required, and this machinery will be evolved in the coming year '.

It is intended that these Conferences or Federations which are now being formed, besides directing the administration of the co-operative system in the Province shall bring the whole movement into touch with the Agricultural Department and serve as the channel through which all that relates to the progress of co-operation may be brought to the notice of District Officers.

In Madras, each of the four existing Unions employs a Supervisor and passes upon all applications for loans (or for extensions of loans) made by the local societies to central banks. These Unions also receive a commission from the central banks but apparently they do not guarantee any part of the loans which they recommend. The Registrar in his Report

states that there is probably room for about ten more Unions of the existing type but that he is postponing registration of them until the Government issues orders on the question of imposing an inspection fee on all Societies. The difficulty appears to be that as at present financed the Unions are not able to command the services of Supervisors sufficiently well qualified.

It should be mentioned that, since the close of the year under review, the Governor in Council has issued a draft rule for the purpose of levying fees for audit work from all registered co-operative societies. The rule is made under the powers conferred by Section 43 of the Co-operative Societies Act, 1912, and proposes that fees shall be levied according to the following scale:

(a) Central Banks, a fee of 5 per cent. on net profits subject to a maximum of Rs. 750 per annum ;

(b) Agricultural Societies, 5 per cent. on net profits subject to a minimum of Rs. 5 per Society ;

(c) Non-agricultural Societies, 5 per cent. on net profits subject to a minimum of Rs. 15 per Society ;

(d) Non-credit Societies, 1 per cent. upon total annual sales subject to a minimum of Rs. 50 and a maximum of Rs. 750 per Society.

### *(c) Agricultural Unions.*

We have already noted that in the Central Provinces there are 8 Societies described as Agricultural Unions. These have as their object the production and distribution of pure seed, generally either wheat or cotton, and are of exceptional interest as representing a co-ordination of the work of co-operative societies with that of the Agricultural Department. The Registrar's account of the organisation of the first Unions formed in the Central Provinces is as follows :

" In October last I outlined before the Simla Conference of Registrars a system of Agricultural Unions, and of this system the Conference expressed its approval. Briefly, my idea is to form Unions consisting either of credit societies or of members of credit societies, and to attach to these Unions, Kamdars [*i. e.* Managers] selected by the members themselves from amongst their own number, trained by the Agricultural Department, and remunerated by the Unions. In this way the Agricultural Department will be supplied with an auxiliary unofficial staff ; and it is far easier to deal systematically with organized co-operative bodies than with numbers of scattered private individuals. In December last I placed my scheme before a special sub-committee at the Akola Agricultural Conference, and Mr. Saranjame, Extra-Assistant Commissioner, was then placed on special duty for three months to form, under my direction, a few experimental Unions. This officer, working in co-operation with the Agricultural Department, organized three Unions in the Akola District, and one in the Yeotmal District. The number of members in these four Unions

is 128, and the number of villages served is 26. The object of the Unions is the production of pure *Rosea* cotton and the increase of the supply of pure *Rosea* seed. Work was commenced with 10,980 lbs. of seed obtained from the Government Farm at Akola and 29,300 lbs. of seed from private farms. In this, the first season's working, 3,285 acres have been sown with pure *Rosea*. Kamdars have been appointed and are now being trained by the Superintendent of the Government Farm, Akola. Special arrangements are being made for the ginning of the cotton produced by these Unions".

Three similar Unions have been formed in the wheat-growing tract of the Sihora Tahsil. In this case the Unions are composed of co-operative societies each of which appoints a Manager who is responsible for seeing that the individual members carry out the rules intended to secure that each variety of seed is kept pure. The Managers (*Kamdars*) of the various Societies form the Union Committee. A Central Seed Agency has been established in connection with the Unions, and has its headquarters in the buildings of the Crosthwaite Central Bank, Sihora. This agency registers orders for seed and arranges for its supply. It also arranges for the disposal of the surplus product in bulk. The members of the co-operative societies borrow from the Central Bank on the usual terms in order to purchase the seed they require. The 3 Unions control an area of about 2,600 acres.

Another Union, making eight in all, has been formed in Betul. It has 28 individual members who are the largest landholders in the District, and has been formed to introduce among all the cultivators in the District the improvements advocated by the Agricultural Department. Like the Unions already mentioned, it has begun with the production of pure seed.

## § 2. TRANSACTIONS OF CENTRAL SOCIETIES DURING THE YEAR 1912-13 AND SITUATION AT THE END OF THE YEAR.

In Table IX we show the Receipts and Disbursements of all Central Societies, including the 8 Agricultural Unions referred to above, and in Table X the Balance Sheet as at June 30 th, 1913.

The Total Income for the year is Rs. 3,14,91,453 as against Rs. 1,68,54,977 for the previous year; the Total Expenditure Rs. 3,15,31,088 as against Rs. 1,64,51,878. The increases shown are certainly large but it must be remembered that the number of Central Societies has increased from 120 to 251 and that some at least of the new societies are much above the average in size and importance.

The Reserve Fund has increased during the year from Rs. 1,17,150 to Rs. 3,14,688. As we have already noted, the Profit and Loss Account which has hitherto been published is no longer included in the official returns.

TABLE IX. — *Central Societies : Receipts and Disbursements, 1912-13.*

Receipts		Disbursements	
	Rs.		Rs.
Share Payments . . . . .	11,47,407	Share Capital Withdrawn . .	56,720
Loans and Deposits :		Members' Deposits Withdrawn	65,43,489
By Members . . . . .	52,72,420	Loans Repaid to :	
By Non-members . . . . .	1,28,70,796	Government . . . . .	10,265
By Other Societies . . . . .	4,72,389	Central Societies . . . . .	8,39,611
By Government . . . . .	6,600	Other Societies, . . . . .	2,18,574
By Central Societies . . . .	17,49,169	Non-members . . . . .	68,63,403
Loans Repaid by :		Loans to Members :	
Members . . . . .	7,84,881	On Personal Security . . .	6,65,542
Central Societies . . . . .	12,78,817	On Mortgage Security . .	1,02,893
Other Societies . . . . .	60,97,946	Loans to Central Societies . .	17,63,273
Interest Received . . . . .	12,14,451	Loans to Other Societies . .	1,27,32,161
Sale of Goods to Members . .	7,657	Interest Paid on Loans and	
Other Income . . . . .	5,88,920	Deposits . . . . .	7,08,230
Total Income of Year . . . .	3,14,91,453	Dividend and Bonus Paid . .	1,15,967
Opening Balance . . . . .	10,10,868	Stock Bought . . . . .	28,629
		Establishment and Contingen-	
		cies . . . . .	1,54,755
		Other Items . . . . .	6,32,757
		Carried to Reserve . . . . .	94,819
		Total Expenditure . . . . .	3,15,31,088
		Closing Balance . . . . .	9,71,233
Grand Total (including		Grand Total (including	
Opening Balance). . .	3,25,02,321	Opening Balance). . .	3,25,02,321

TABLE X. — *Central Societies: Balance Sheet.*

Assets		Liabilities	
	Rs.		Rs.
Cash in Hand and Bank . . .	9,68,512	Loans and Deposits:	
Value of Investments. . . . .	6,85,623	From Non-members . . . . .	92,13,761
Loans Due:		From Other Societies. . . . .	21,25,180
By Members. . . . .	8,72,547	Loans from Government. . . . .	57,865
By Societies. . . . .	1,73,47,840	Deposits of Members, . . . . .	48,29,182
Interest Due to Societies . . .	4,73,157	Share Capital . . . . .	28,02,996
Value of Stock in Hand . . .	23,813	Interest and Dividend Due by	
Other Items . . . . .	1,40,550	Societies . . . . .	3,97,917
		Cost of Management Due . . .	6,769
		Other Items . . . . .	3,33,891
		Reserve Fund (Undistributed	
		Profits) . . . . .	8,14,688
		Total . . . . .	2,00,82,249
		Balance (Profit) . . . . .	4,29,793
Total . . . . .	2,05,12,042		2,05,12,042

From the above Balance Sheet we extract the different items which make up the Total Capital at the disposal of Central Societies. These are shown below in Table XI in absolute figures and as percentages, and are compared with the corresponding amounts and percentages for 1911 and 1912.

TABLE XI. — *Central Societies: Sources of Capital.*

Source	1911		1912		1913	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	Rs.		Rs.		Rs.	
Loans from:						
Non-members . . .	20,96,217	42.2	49,16,023	48.6	92,13,761	47.7
Other Societies. . .	1,99,135	4.0	7,19,148	7.0	21,25,180	10.9
Government . . . .	1,82,294	4.0	98,956	0.9	57,865	.3
Share Capital . . . . .	7,44,343	15.1	17,64,696	17.5	28,02,996	14.6
Deposits by Members.	16,80,651	34.1	25,01,365	25.0	48,29,182	24.9
Reserve Fund . . . . .	31,695	0.6	1,17,150	1.0	3,14,688	1.6
Total . . . . .	49,34,335	100	1,01,17,338	100	1,93,43,672	100



It will be seen that nearly half of the Total Capital is furnished by Non-members and one quarter of it by Members. The porportion which consists of Government Loans is almost negligible.

\* \* \*

We referred in our Introduction to a *Statement* specially prepared for the use of the International Institute of Agriculture, which appears for the first time in the official returns. We shall conclude this article by presenting the information contained in this special *Statement* in a Table which shows in a convenient form most of the data relating to Agricultural Societies and Central Societies with which we have been dealing.

TABLE XII. — *Abstract of Information for the Use of the International Institute of Agriculture.*

	Agricultural Societies	Central Societies
<b>Class of Societies.</b>		
Credit . . . . .	11,296	242
Purchase, and Purchase and Sale . . . . .	3	—
Production . . . . .	2	8
Production and Sale . . . . .	13	—
Insurance. . . . .	63	—
Other Forms of Co-operation . . . . .	5	1
<b>Type of Societies.</b>		
Central Banks . . . . .	—	101
Central Banking Unions. . . . .	—	65
Unions. . . . .	—	85
Limited . . . . .	136	—
Unlimited . . . . .	11,246	—
Number of Societies . . . . .	11,382	251
<b>Number of Members</b>		
Individuals. . . . .	467,378	22,909
Societies . . . . .	22	6,871
<b>Number of Affiliated Societies.</b>		
Central Credit . . . . .	—	54
Agricultural Credit . . . . .	22	8,207
Non-agricultural Credit. . . . .	—	240
Others. . . . .	—	8
<b>Loans Made To:</b>	<b>Rs.</b>	<b>Rs.</b>
Individuals . . . . . { On Personal Security . .	1,93,67,104	6,65,542
{ On Mortgage Security. .	22,30,671	1,02,893
Societies . . . . . { Local . . . . .	8,14,821	1,27,32,161
{ Central. . . . .	2,54,229	17,63,273
Sale of Goods to Members. . . . .	78,238	843
Purchase of Members' Products . . . . .	58,899	424
Cost of Management . . . . .	1,93,323	1,62,743
Most Usual Dividend Paid on Shares . . . . .	6 1/4 %	6 to 9 %
Most Usual Rate of Interest.		
On Deposits . . . . .	6 to 9 %	6 %
On Loans . . . . .	9 3/8 to 12 1/2 %	9 %
<b>Loans Due.</b>		
By Individuals . . . . .	2,58,03,474	8,72,547
By Societies . . . . .	14,98,569	1,73,47,840
Share Capital. . . . .	37,84,075	28,02,996
Members' Deposits . . . . .	29,40,799	48,29,182
Loans from Government. . . . .	9,96,795	57,865
Reserve Fund . . . . .	10,68,198	3,14,688

## SPAIN.

### TWO ROYAL ORDERS OF IMPORTANCE FOR THE AGRICULTURAL SYNDICATES.

#### SOURCES :

REAL ORDEN DE 28 DE MAYO DE 1914 RESOLVIENDO EL EXPEDIENTE INSTRUIDO SOBRE CONCESIÓN DE EXENCIONES A LOS SINDICATOS AGRÍCOLAS Y DESPACHO DE LOS ESPEDIENTES DE ESTA CLASE, HOY DETENIDOS. (*Royal Order of May 28th., 1914, in reference to the Exemption of the Agricultural Syndicates from Taxation and the Course to be Pursued in regard to the Applications for Exemption, now under Consideration*). Gaceta de Madrid, No. 174. June 23rd., 1914.

CREDITO A LOS SINDICATOS AGRÍCOLAS (*Credit for the Agricultural Syndicates*). Revista de Economía y Hacienda, No. 31. Madrid. August 1st., 1914.

Although the movement in favour of agricultural association in Spain only commenced recently, it has already acquired a certain importance. Up to the present this has been for the most part due to private initiative, as since the promulgation of the law of 1906 on agricultural syndicates — opening the way for rural co-operation — and the publication of the executive regulations in connection with it, no other official steps have been taken to encourage the formation of agricultural groups of the kind or other similar organizations. The result has been that in most of the cases in which agricultural association has come into conflict with other interests it has had to give way.

However, the inherent force of the movement in favour of association, when the prejudices and distrust of the peasants had once been overcome, was so great that, in spite of everything, agricultural social institutions multiplied everywhere and succeeded in making their desires known to the Government which, fortunately, gave them a willing hearing.

So, for some time, agricultural association has been receiving special attention in Spanish Ministerial circles. Proof of this is given by the two measures of which we shall now speak, and which are, without doubt, of extraordinary importance for the movement.

#### § 1. EXEMPTIONS GRANTED TO THE AGRICULTURAL SYNDICATES.

The law of January 28th., 1906, on agricultural syndicates, the object of which is to promote their constitution and facilitate their work, conferred the following privileges upon them: (a) exemption from stamp duty and

other taxes on deeds relating to their constitution, modification, union or dissolution ; (b) similar exemption in the case of acts and contracts to which a syndicate, as a civil person, is a party ; (c) refund of customs dues paid by them when importing machinery, implements, seeds, breeding stock etc., for the improvement of their farms or their cattle.

The effects of this law have been excellent, for many syndicates have been formed in a short time in the whole country, showing the advisability and utility of the grant of the above privileges.

However, after some time, the special administrative departments concerned began to maintain that the provisions of the law of 1906 establishing the customs tariff and the Finance Law of 1910 had implicitly limited these exemptions. This gave rise to many disputes settled in different ways by the competent authorities, which have led to the accumulation of a large number of applications at the Department of Finance, presented by associations desirous of being registered as agricultural syndicates (1), the number of these applications being now 764.

Now, article 8 of the Executive Regulations in connection with the law on syndicates laid it down that if, within three months from date of presentation of the application and the other documents, no definite resolution has been published in regard to them, the association must at once be registered as an agricultural syndicate. Thus, in accordance with the letter of the law, these 764 associations, must be considered as syndicates ; but, in reality, it is only proposed to allow the claim in the case of 408. The 1906 law clearly empowers the Department of Finance to inspect the working of the syndicates at any moment and, in consequence, it may at any moment suppress the privileges of which we have spoken, in spite of the association being registered as a syndicate. It will be understood from what has been said that these doubts and controversies in regard to the exemptions from taxation have created an abnormal situation making the progress of agricultural association and co-operation, which the law on syndicates was intended to promote, a very difficult matter.

For all these reasons, the Department of Finance thought it advisable to consult the Council of State in full general meeting, in respect (a) to the right to the exemptions from taxation granted to the agricultural syndicates by the law of 1906, (b) to the legality of refusing by a simple Royal Order the title of syndicates to associations the applications presented by which are retained in the Department of Finance, after an unfavourable report has been received from the Fomento Department, (c) the powers of the Department of Finance when an unfavourable report has been received from the Fomento Department.

(1) The 1906 law laid it down that, once an application is presented to the Governor of a Province for the constitution of a Syndicate, it must be forwarded to the *Fomento* Department, for its opinion, and, finally, to the Department of Finance, which must decide whether the association applying is to be considered as a Syndicate or not.

The Council of State in full meeting, after having studied the matter at length, in view of the doctrine that special laws can only be amended by special acts and not by general clauses, and also on other grounds, gave its opinion in favour of the existence of the right to the exemptions. This opinion, fully endorsed by Señor Ugarte, Minister of Fomento, was embodied in the Royal Order of May 28th., which lays it down :

(1) that the exemptions from stamp and customs duties and other taxes granted to the agricultural syndicates by the law of 1906 are not affected by the Customs Law of March 20th., 1906, nor by the Financial Law of December 29th., 1910 ;

(2) that the applications now under consideration at the Financial Department, presented by agricultural syndicates and the associations to which article 8 of the regulations does not apply, cannot be dealt with *en bloc*, but each case must be judged separately ;

(c) that, although article 8 of the Regulations must continue in force, the administration must continue to inspect the syndicates with a view to annulling authorizations given to associations not satisfying the conditions imposed by the law.

## § 2. CREDIT IN FAVOUR OF AGRICULTURAL SYNDICATES.

In a former bulletin we showed that the question of agricultural credit was the most urgent and the most difficult to settle of all the agricultural problems of Spain (1). We said also that the Government recognized the seriousness and the urgency of the question and that, although none of the many proposals presented in Parliament for its solution had been approved, it was still to be expected that the organization of agricultural credit would soon, in one way or another, be an accomplished fact. Señor Ugarte, Minister of Fomento, contemplated utilising the *Pósitos* for the purpose of this organization, and with this object he had some important works undertaken. But, as the organization required much time, and he was anxious to provide facilities for credit to workmen immediately, in whatever way he could manage, he issued a Royal Order to the Governor of the *Banco de España*, which is of the utmost importance and by which the labourers belonging to the agricultural syndicates will greatly profit.

In this Order, the Minister, after recognising the vital importance of agricultural credit for the progress of agriculture, lays it down that "the agricultural syndicates and the Rural Credit Banks intended only and exclusively to provide agriculture in its various branches, on easy conditions, with the means necessary for the development of so much wealth, are the only form of association which can protect the farmer and check the rural exodus."

(2) See the number of this Bulletin for June, 1914, p. 72.

However, the frequent and reiterated complaints of the syndicates are evidence of the great difficulties they meet with in their efforts to obtain the loans they require. This is doubtless due, says the Royal Order, to the incomplete knowledge the public has of the economic organization and working of these institutions. Now, as regards the agricultural credit operations conducted by the *Banco de España*, these difficulties could be reduced, in the following way: (1) the notarial deed required by the Bank before granting loans to agricultural syndicates, as it is costly and besides this does not completely answer the purpose for which it was intended, might, when the member cannot be obliged to remain in the syndicate for a definite time, be substituted, in the case of syndicates with unlimited joint and several liability, by another document, which, while not imposing a heavy charge on the syndicate, would have the same practical result; (2) the loan on pledge, if further secured by the unlimited joint and several liability of an agricultural syndicate, is a better, easier and more economical security than even a mortgage, and such loans might be granted to such associations at the lowest rate of interest possible at the moment.

The Minister's Order ended, by calling on the Governor of the *Banco de España* to make it possible that "the notarial deed required by the Bank before granting loans to the agricultural syndicates of unlimited joint and several liability be replaced by a certificate attesting that the Boards of Management have been authorized to contract the loan, on which certificate the number of members, their distribution in classes and the object of the loan must be entered; and that, when the loan is secured on pledge and by the unlimited joint and several liability of the members of an agricultural syndicate, the interest asked be not higher than 4% and that, eventually, this percentage may be increased by the ordinary discount amount of  $1\frac{1}{2}\%$ ."

\* \* \*

The two Orders mentioned above, besides being extremely advantageous for the movement of rural associations in Spain, have a special importance as clearly manifesting that the Spanish Government intends to take all the supplementary measures indispensable for the development and ordinary action of the social organization of agriculture.

# JAPAN.

## RURAL BANKS AND LOANS ON HONOUR IN JAPAN

(The *Hōtokushas* or Gratitude Societies).

### SOURCES: (1)

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- SAIFUKU (Z.): Fukoku shokei (*The Way of the Nation's Wealth*).
- OKADA (R.): Musokken-oichi-daiki (*The Life of the Venerable Musokken*).
- » Gojin shichihō ari (*Our Seven Treasures*).
  - » Tanzan ronshu (*Collection of the Tanzan Discourses*).
  - » Kappō keizai ron (*Discourses on Economy in Living*).
  - » Hōtoku kyōgaku (*The Doctrine of Hotoku*).
  - » Hōtoku saika dan (*Discourses of the Great Disciples of Hotoku*).
  - » Dai ni kwai junkwai kiko (*Accounts of the Journey of the Second Course of Lectures*).
  - » Jokoku shisho (*The Good Governor's Guide*).
  - » Hōtoku enzetsu hikki (*Notes on Hotoku Readings*).
  - » Hōtoku fukoku ron (*Discourse on the Happiness procured for the Nation by Hotoku*).
  - » Gunchū shoshi setsu roku (*Register of Gifts of Filial Piety in the Province*).

## CHAPTER I.

### GENERAL VIEW.

We must not be surprised to find in Japan social institutions corresponding almost perfectly in their economic and moral base and their objects with similar European institutions. This is the result of a similar attitude of the collective spirit, due to a similarity of environment.

(1) Several of the books, the titles of which are here given, are not on sale.

Thus it is that the rural banks of Japan and those of Germany of Raiffeisen type assumed nearly the same forms although originating at very different epochs and among peoples whose civilisation, sentiments and needs would seem to us at first sight extremely different.

### § 1. THE RAIFFESEN BANKS AND THE HÔTOKUSHAS.

When, in 1849, a year before the foundation of the first *Vorschussverein*, Raiffeisen, the burgomaster of Weyerbusch, established the first *Hilfsverein* at Flammersfeld, old Japan, many years before it was opened to European civilisation, already possessed organisations of the same kind, the *Hôtokushas*, instituted more than half a century earlier.

Impressed by the unhappy situation of their countries, the poverty existing in them and the difficulties of every kind with which the unfortunate peasantry had to contend, Ninomiya Sontoku in Japan and Raiffeisen in Germany dedicated their whole lives and all their activities, and sacrificed the whole of their personal fortunes to the holy cause of the regeneration of the rural populations.

Inspired by the same generous impulses of the soul, both of them, educated in the rigid principles of religions assuredly very different in their metaphysics, but still nearly allied in their practical morality, they ended by founding social institutions of the same type, on the same basis, and of form differing very little from each other, at least at the start.

Profound alterations have in fact taken place in each, above all in the *Hilfsvereine*, which, transformed into *Darlehenskasse*, have had, in order to adapt themselves to the masses which they have reached in their considerable expansion, to abandon the very high ideals of the founders to suit the circumstances of natures less exalted, but just on that account more human.

The Raiffeisen Associations have conformed to the truest logic, that of life. Those of to day are the regular and natural fruit of the seeds sown long ago by the great idealist. The oak, though not resembling the acorn, is none the less the continuation of it.

### § 2 EUROPEAN BANKS FOR LOANS ON HONOUR.

Every day we see new fruits of idealism appear. Such are the banks for loans on honour the Paris Academy of Moral and Political Science recently invited experts to study.

One of the prize winners in the competition opened, M. Olphe-Galliard, arrived at the following conclusions :

" If we keep ", said he, " to the theoretical idea of the loan on honour, and consider it as a form of credit from which all idea of pure charity is



excluded, we must reserve the benefit of it for borrowers capable of meeting their obligations without being bound by any other security than their own honesty and their aptitude for improving their position. We see how the object of the loan on honour will be afterwards transformed. It will no longer be granted to the class of workers momentarily in difficulties with the object of helping them over critical moments in their existence, and saving them from misery: this class only assists individuals possessing the above qualities by way of isolated exceptions. The bank's customers will have to be recruited amongst the best workers and there will have to be a selection, even more rigorous than that made by the people's banks, since, the external security being less, the personal security, based on intellectual and moral development, must increase in proportion." (1)

It is all, in fact, a question of moral education.

### § 3. ENVIRONMENT IN WHICH THE HÔTOKUSHAS DEVELOPED: THE JAPANESE PEASANTS.

If, as we shall see, the Japanese *hôtokushas* have been able to develop and prosper, in spite of their character of benevolent institutions, it is because they found the moral atmosphere necessary for their success.

Let us say at once that they are societies, which, while their object is moral improvement, also have economic ends in the advantages of which all their members do not directly participate. No one profits by them except those whose needs urge them to have recourse to the Societies. They are finally real co-operative societies, which, whether they are benevolent institutions or not lend on no other security than the honour of the borrower. The results obtained by these associations are so satisfactory — the reader will soon be able to convince himself of it — that we are surprised into admiration of the incomparable moral level attained by the members, though so destitute and miserable! It is for us Westerns a real enigma. Let us try at least to solve it.

It is only possible to understand the social phenomena of Japan after a profound study of the conditions in which they have developed and their *real causes*. We emphasize this word *real*, for, if the study of the situation, generally, only presents difficulties of a purely material character, the same is not true of that of the causes, with regard to which it is easy to be mistaken. It is scarcely possible, in the case of the *hôtokushas* to make a profound and careful analysis of these conditions and these causes in a simple short monograph. Let us limit ourselves to what is essential for the consideration of the *hôtokushas* in the real environment in which they were instituted.

(1) G. OLPIER-GALLIARD. *Les Caisses de Prêts sur l'honneur*. Paris. Giard et Brière, 1913. page 164.

The Japanese peasant differs profoundly from other peasants, especially from those of western lands. Simple, sober, honest, straightforward, he preserves to-day the real character of the ancient Japanese. A faithful disciple of the Shintoists, he leads a humble life, trustful, and untroubled in the presence of the Unknown. A fatalist, like all good Orientals, he is not anxious about the future; he knows that he must in the first place trust to himself, and his trust in himself will not fail him so long as he is worthy. This idea may seem to us somewhat exaggerated, a little too ideal to be true. However it only expresses the simplest truth and whoever knows Japan well knows there is no shadow of exaggeration in it.

If his mysticism, is, sometimes, rather superstitious, if his morality may sometimes seem too different from ours for useful comparison, it is, however, undeniable that the Japanese peasant is, without exception, before all things honest. He would not understand the crafty prudence and the eager greed of the peasants of Balzac or Maupassant.

His fatalism, however, is not like that of the Mussulman, inactive and apathetic; Japanese fatalism is a kind of enlightened resignation which, together with the strength to bear the inevitable, gives also courage for the struggle and the hope of possible improvement. One must see the Japanese peasant bent over his rough work in the little ricefield he tends as carefully as the prettiest garden, watching its slow progress from hour to hour; one must follow him in his persevering and unremitting struggle against all those obscure enemies of his success; worms, snails, insects of every kind, and parasitic plants which might deprive the delicate stem of a small portion of its nutriment; one must see him at his patient work in order to judge, with complete knowledge of the treasures of kindness, resignation and persistence in his simple and profound character.

But these are not the only qualities the Japanese peasant possesses: he has others no less appreciable. Few countries are ravaged so often as Japan by the furious rage of the unchained elements; few peasants so often see inundations, typhoons and earthquakes, destroy the results of their labour, which should have rewarded them for a whole year of sacrifice and hope. Not a year passes without these causes plunging into the most frightful misery thousands and thousands of families and, unfortunately, there is no human force that can stand against these disasters, which too often assume really crushing proportions. It is therefore no wonder that, in these circumstances, the need of mutual aid has taught men a charity almost unknown elsewhere and that mutual assistance has developed in more complete forms than in the West. Let us add that it has also assumed purer and more ideal forms and let us also remember that there has been no need for it to change its form as it developed.

## CHAPTER II.

## HISTORICAL SKETCH.

## § I. NINOMIYA SONTOKU: HIS LIFE AND WORK.

The history of the origin of the *hōtokushas* in Japan is identical with that of the great Japanese philanthropist, Ninomiya Sontoku.

Sontoku (literally, Venerable Virtue) is the name given to Ninomiya Kinjiro after his death by his grateful and devoted compatriots. Ninomiya was born in a little village in the province of Sagami, on July 23rd. of the seventh year of the period Tenmei (1791). His family was excessively poor, and the young Sontoku had to adopt the hard trade of a wood-cutter in order to gain his livelihood and assist his aged mother and his two younger brothers.

In the day time he went to the forest to do his rough work; in the night when it was not necessary for him to go down to the village to sell the wood he had cut in the day, he plaited straw, of which he made string or *waraji*, a kind of sandals in very common use among the Japanese peasants. However, this laborious life did not prevent his devoting himself to study. He eagerly consecrated to it his rare leisure-hours. When at the age of sixteen he lost his mother, he was taken by friends into their family and treated as one of themselves. But soon he was obliged to leave these people, and a life of privations began again for him and this was really a recommencement of his apprenticeship to poverty. However, his work was not laborious; his compassion was not confined to himself; it extended to his unhappy neighbours. If he suffered, it was not from realising his own wretchedness but because he was unable to relieve others.

We may find in Sontoku all the devotion, all the self sacrifice and depth of Christian charity without, however, the least shadow of religious exaltation.

At the beginning of the nineteenth century, there lived in Japan a man of noble sentiments, the Prince Okubu, who ardently desired to improve the moral and material condition of the people in some way.

For a long time he had pursued his object without being able to attain it, for want of men capable of assisting him in realising his ideas. Now the report of the virtues of Ninomiya was already widely spread, though the new apostle was still very young, for he was only twenty two years old.

Okubu made his acquaintance, valued him, became attached to him, and decided on making him his associate. The character and intelligence of Sontoku were the surest guarantee of success. The prince charged him to study the most efficient means for the re-establishment of order and the improvement of morals in the fiefs of a younger branch of the Utsu family at Haga, in the province of Shimotsuke. Sontoku went there and was not slow to discover the deplorable condition of the country. He

then sent the Prince a detailed report in which he considered the matter both from the moral and the material point of view. "As the material regeneration of the country can only be effected by means of its moral regeneration, we must begin with that. But very often moral deterioration is only the effect of poverty which obliges the unfortunate to make vile compromises with their consciences and gives too good an opportunity to usurers and procurers.

The material prosperity of the country and its moral purity are therefore indissolubly connected and the one can never be attained without progress being made in the direction of the other." So wrote Sontoku to Okubo and it was on this occasion that he had an opportunity of divining the moral and regenerative force of the idea of co-operation, which he called the principle of "mutual aid and independence". We shall return later to the ideas of Sontoku; let us confine ourselves for the moment to a few details in regard to his laborious and beneficent life.

On receiving Sontoku's report, Okubo with all his heart accepted his ideas and begged him to put them in practice. In 1826, Sontoku sold all that he possessed. We must not be astonished. We shall see later on that some of his disciples did as much. For the moment, he betook himself to Sakuramachi. His presence, his tact, his example and kindness produced the results he desired and, in eight years, the conditions of the country and the morals of the inhabitants were radically changed.

The news of what Sontoku had accomplished soon spread through the land; admiration and enthusiasm only served to increase his prestige. The moral principles of co-operation and self denial spread gradually through the country and reached the poorest villages and those most abandoned in the midst of forests and mountains. They soon became at once the treasure of the poor, who saw in them the way to hope and safety, and of the rich, who welcomed them as promising happiness to the people and moral health for the country.

After this the life of Sontoku was one perpetual journey through the poorest and most unhappy districts. We see him in the provinces of Nagano and Rikuchû, at Sagami, Suruga, and Izu, effectively collaborating in the philanthropic work of Okubo.

In July, 1847, at the age of fifty six, he was called to be a member of the *Bakufu* (1). Profiting by his new position, he did everything in his power to extend the system of loans without interest or at a very low rate in order to facilitate the development of agriculture: this was the economic realisation of his moral principles. But his work was not yet finished. Since 1844 he had been directing the clearing of the land in the neighbourhood of Nikkô; later on, we again find him in various provinces whither he brought his message of love together with his active and laborious assistance.

(1) The *Bakufu* was the Government of the *Shoguns*, organized in 1190 by Yoritomo Minamoto.

All his laborious and varied occupations did not prevent him from devoting himself to study. He found the time to write sixty volumes on the art of enriching the soil (*Fukoku hôhō*). In 1855, his desire to do good and his love for the peasants called him once more to Imaichi, near Nikkō, where there was a long and very difficult work to be accomplished in clearing and draining the soil. He was old and ailing, but his presence was needed: he went. He was attacked by fever, the fever of those marshes he wished to transform: he struggled energetically for two years, but his strong constitution was exhausted and he gave way to the malady which was to conduct him to the tomb on October 20th., 1857. He died like a good soldier, on the field of battle, leaving a glorious legacy of generous and fruitful thought.

The death of Ninomiya Sontoku did not arrest the practical application and development of his ideas.

The number of mutual aid societies increased each year: almost every village of Central Japan had its little association, a simple fragment, a small germ in which the thought of the philanthropist survived: it was not yet the *hōtokusha* of to-day, but something foreshadowing it. Under the rule of the Tokugawas the law was very severe in regard to associations of all kinds: it forbade any kind society of more than five members: the word *association*, employed above to indicate the first groups of Sontoku's disciples, must therefore not be understood in its ordinary sense. These groups were quite simply communities of persons united exclusively by mutual consent and undertaking amongst themselves to observe certain principles of social and moral solidarity. Later on, when, under the Restoration, the new government allowed the formation of societies of every kind, *hōtokushas* were formed of the kind we may study to-day. They continued the tradition of the original thought of Sontoku and carried it to a very high degree of perfection in practice. By the side of co-operative societies of Western type, they formed a potent group of purely native character. This we shall have an opportunity of seeing later on and we shall then study the reciprocal influences of these types of association on each other.

Let us then add here that, in the twentieth year of Meiji (1887), the Emperor Mutsu-Hito decreed the erection of two Shintoist temples to Ninomiya Sontoku, one of which was built at Odawara, and the other quite close to Nikkō, just where the generous protector of the unfortunate and destitute ended his life of labour and self denial.

## § 2. THE HŌTOKU: ITS SIGNIFICATION: ITS RULES.

It would not be accurate to assign a religious basis to the *hōtokushas*. They originally formed a sort of community of members for everything relating to certain exclusively moral principles, called *hōtoku* principles. We never find, in the rules, or the reports of the associations the least

allusion to any religious form whatever, if we except the annual visits to the tombs and the temples dedicated to Sontoku or the benefactors to whom the *hōtokushas* owe a quite special gratitude. But we absolutely must not see in such visits any religious tendency, but only a simple tribute of respect and recognition the associations pay to their benefactors. At most we may see in them a manifestation of that Shintoist character, which inspires every manifestation of the Japanese soul. It must not be forgotten that to-day especially, there is no longer anything solemn, or severe or absolute in the Shintoism of Japan.

It is rather a religion of gratitude and tenderness and, independently of any form of religious worship or any dogma, these sentiments are the natural expression of the goodness of the human heart.

The word *hōtoku* signifies recognition. In that word, we find the whole moral basis and reason for the existence of the *hōtokushas* or gratitude societies. To explain the true value of this moral principle, we shall make use, as far as possible, of the very words to be found in the interesting pamphlet of the Office of the Interior of the Prefecture of Shidzuoka in regard to the *hōtokushas* (1).

The whole doctrine of *hōtoku* may be summed up in a single phrase : to return good for good, benefit for benefit, to reward virtue with virtue. That is to say we must always, in every way acknowledge the benefits we have received from others. This recognition must not be limited to simple compensation, which, also, would be very often impossible, but must be extended to all our neighbours, even to all nature. A favour or a benefit, received from anyone whatever, always obliges us to act virtuously, so that a perpetual current of kindness and love may be established between the most privileged and fortunate and the most unhappy and destitute.

But what are the favours a man can receive and from whence do they come? Like the bounty of Nature they are infinite and may be received from Nature, from the State, the Sovereign, our ancestors, our relatives and society. The most important or, at least, those that Sontoku considered such, are those received from the Nation and the Sovereign and they are those that most impose obligations upon us. But in Ninomiya's original idea of the *hōtoku*, we find no degrees in the duty of gratitude, which is always absolute for every worthy and virtuous man. Our whole being, all our intellectual, moral or material possessions are gifts, which we owe to some one. The life given us on earth is a favour from our parents ; our fortune and our education are favours from our parents and ancestors. The material development of all living beings is due to Nature ; their moral development is a benefit received from their parents ; their intellectual development a benefit from society.

Here is a singularly characteristic text : " If we see at every moment thousand of labourers working for us," writes Sontoku, " if countless peasants plough the fields to give us our daily bread, it is to Society we owe

(1) *Shidzuoka-ken hōtokusha jiseki gaiyō* (Account of the *hōtokushas* of the Prefecture of Shidzuoka.)

it, and to Society we must be grateful. And again man, only because he is man, a creature privileged in Nature, must be grateful to Nature and it is by the practice of virtue he will show his gratitude, which alone can render him worthy of his privileged position in Nature."

Let us add that, in its simplest and purest expression, *hôtoku* is the realisation in act of this conception of life.

In practice, it is based on four essential principles: absolute sincerity, indefatigable energy in labour, the consciousness of one's duties, and the spirit of generosity.

(1) Nature, the inmost profound essence of all things is a manifestation of the Supreme Will and the way of salvation consists in the regulation of one's conduct according to nature which is the highest expression of Truth.

We can only approach it by means of the most absolute sincerity, which is, thus, the origin and basis of all human duty.

(2) Our wealth and rank are the result of the indefatigable labour of our parents, just as their wealth and rank were derived from the labour of their ancestors: it is therefore by our work, which will one day cause the fortune and nobility of our descendants, we must acknowledge the favours we have received. Our economic conditions always correspond with our work, which is, consequently, a duty we owe to ourselves. But, alas! too often, neither toil nor virtue can save us from poverty: and that is why our absolute duty is to aid each other.

(3) In stooping to assist the unhappy who suffer, the rich and powerful only acquit themselves of a duty they could not evade without compromising their dignity as men; the poor who are the objects of beneficence are not humiliated, for they know that their benefactor is ennobled by his act in proportion to the sacrifice he has made.

(4) As regards the spirit of generosity, Sontoku did not only consider it in the general sense we are accustomed to attribute to it: he went further. "We must give up for others," he writes, "the benefits and advantages we could enjoy alone: we must be able to renounce them."

Thus the Prince will renounce them for the welfare of the country, the vassal for that of the prince, the son for that of his parents, the husband for his wife, friends for each other, the young for the old. Each duty finds its reason for existence and every sacrifice its highest compensation in this spirit of self devotion and self denial which becomes loyalty to the Sovereign, filial piety to parents, and charity, benevolence, and self sacrifice for the common good when applied to the great human family."

Ninomiya Sontoku summed up his whole moral theory in twelve principles, a kind of dodecalogue which every good disciple of *hôtoku* must know by heart and strictly conform to. We give them here in a translation we have made; the form is, alas! very different from the superb monumental style in which these precepts are expressed in the original language. Still we have thought best to give them here *in extenso*, because they form an integral part of the *hôtoku* of which they are the essence, and

form the basis of the model rules of the *hōtokushas*, of which we shall speak later. The following are Sontoku's principles :

1st. The existence of parents is a manifestation of the divine will.

2nd. The existence of our material body is due to the physical development of our parents.

3rd. It is from the diligent commerce of husband and wife their descendants derive their existence.

4th. The wealth and nobility of our parents are due to the real services rendered by our ancestors.

5th. We derive our wealth and nobility from the treasures of heroism and virtue of our parents.

6th. Our descendants will derive their wealth and their nobility from our diligence in our work.

7th. The duration of our physical life depends on our clothing, food and dwellings.

8th. Our clothing, food and dwellings depend upon the condition of the fields, rice fields and forests.

9th. The condition of the fields, ricefields, and forests is an immediate consequence of the assiduous toil of the labourers.

10th. This year's clothes and food depend on last year's harvest.

11th. Next year's clothes and food depend on the conditions of this year's harvest.

12th. Let the days, the months and the years pass, but never forget the *hōtoku* principles.

### CHAPTER III.

#### THE HŌTOKUSHAS.

##### § I. THEIR ORGANIZATION AND THEIR MEANS OF ACTION.

We have already given some indication of the origin of the *hōtokushas*, and we have also remarked that, before the beginning of the Meiji era they could only be purely moral associations, exerting no authority, other than the influence of the members upon each other, and this was purely arbitrary and subject to no control.

It is not till the years following the restoration of the Mikado's authority that we find *hōtokushas* legally constituted in their present form.

The rules of the *hōtokushas* now existing differ slightly in different cases, but all the societies in their general constitution follow the teaching of the Master. This is true both in regard to the special independent character of these societies and the various kinds of business they conduct. However, the object they set before themselves is essentially the same in all cases : the improvement of the conditions of public morality, the increased agricultural or industrial production of their members, the extension



and improvement of agriculture and industry, the encouragement of all works of public utility, the relief of the poorer members.

This manifold action is exercised in various ways, that may be grouped as follows :

1st. By the distribution of prizes to those members who have shown themselves deserving by their great sagacity and diligence in agriculture, by some courageous and difficult action, or by exemplary conduct ;

2nd. By the grant of assistance to members victims of misfortune, disasters, accidents etc.

3rd. By the monthly assembly of ordinary meetings of members in which the most suitable means for best carrying out the precepts of the Master are studied. In these meetings very often readings are given or lectures delivered on matters of religion or morals, or on questions connected with agriculture, industry, the utilisation of water, land, manure etc. The lectures and readings are generally given by one of the Board of Management, by one of the most influential members of the association or even by one of the teachers engaged for the purpose.

Sometimes, the members are allowed to discuss freely on all matters of general interest, so as to make all, as far as possible, acquainted with the important and practical questions.

4th. By holding a general meeting once a year, in which the names of the members deserving of special rewards are published as an example for all. On this occasion, also some distinguished personages are invited to speak.

5th. By endeavouring to maintain among the members the sentiments of self denial, solidarity, and mutual aid, which form the fundamental basis of the *hôtoku*. For this purpose, the members must engage to accumulate their savings and pay them over to the Society, and place their superfluous wealth at its disposal in order to permit it to grant loans without interest or at very low interest to the dependent societies or to members engaged in industries of public utility.

## § 2. THE FUNDS OF THE SOCIETIES : THEIR INVESTMENT.

The capital of a *hôtokusha*, generally called *hôtokukin* consists, as a rule, of three parts : *Dodaïkin* (the main capital) ; *zenshûkin* (donations) ; *Kanyûkin* (supplementary revenue). We must observe that the translation we have given of these words is only very approximate, as the reader will be able to see for himself from the following explanations. (1) :

*Principal Funds.* — The principal funds (*dodaïkin*) are meant to serve as the economic basis of the society and are derived, generally, from the contributions of members (entrance fees) and donations made by special

(1) *Dodaïkin* means literally : money (accumulated as a) mound ; *zenshûkin* : money from a virtuous source ; *kanyûkin* : money added to revenue.

benefactors. Sometimes the Central Society grants some of the dependent societies a certain amount to form or increase their *dodaikin*, according to circumstances. Finally, to the principal funds are added those amounts the borrowers, simple members or adherent societies, that have obtained money without interest, are bound to give the Society as a mark of gratitude, after returning all the loan. Generally, this additional amount, given as evidence of gratitude (*genjōkin*), is equal to a proportion of the annual instalment paid.

The *dodaikin* may in no case be returned to the donor. Generally, these principal funds are only used for the grant of loans, but they may be placed in a bank or used for the purchase of public securities or land. The interest on them is utilised for the grant of prizes to members who have specially distinguished themselves in their work or by their conduct, or else for donations under the name of succours or encouragements to the more needy members. Sometimes part of the interest is also used for the construction or the repair of country roads, canals, bridges, dykes etc. or for clearing the land. The working expenses of the Society as well as the donations made to benevolent associations are paid out of the interest on the *dodaikin*.

*Donations.* — The *zenshūkin* is generally made up of amounts paid voluntarily or compulsorily by members. These amounts are for the most part derived from the personal savings of members out of the revenue obtained by their extraordinary labour. It is, doubtless, the exclusively philanthropic and generous nature of these donations which gives the quite special character of mutual associations to the *hōtokushas*.

According to the original regulations of the *hōtokushas*, the *zenshūkin* could never be returned to the donor during the period of the society's existence. The *Dai-Nippon Hōtokusha* and its dependent associations do not conform to this rule. These societies have fixed their assessment for donations at 10 yen (25 fr.) at an annual interest of 5 %. However, when the amount of the donation amounts to 100 yen, half can be returned to the donor, even before the subscription list for the formation of the Society is closed.

In these provisions which would seem somewhat strange in our countries, we must only see measures adopted to encourage the generosity of the contributors, who, ultimately, end by investing their money at a rate perhaps slightly lower than the banks give, but under a much simpler form, above all for the inhabitants of rural centres remote from the branch offices of the credit institutions or savings banks.

The *Dai Nippon Hōtokusha* and its dependent societies also differ from the other societies in regard to the method of investing the *zenshūkin*.

Their rules allow them to utilise these donations for the grant of loans to members or branch offices presenting applications for the purpose of clearing their land, improving roads, forming a working capital for commercial purposes, or for covering the costs of manuring, sowing etc., whilst in other societies, all this expenditure is met out of the supplementary revenue (*kanyūkin*).

The associations not depending upon the *Dai Nippon Hōtokusha*, use the donations for purposes of propaganda and encouragement, in about the same proportion as they do the interest on the main capital. In any case, for the grant of loans to members, the associations only use uninvested moneys, when the costs of encouragement and propaganda have been once paid. We must observe that in the matter of the investment of its funds the *Dai Nippon Hōtokusha* has deviated slightly from the letter and original spirit of the Master's rules, in which it is laid down that the loans must be exclusively made out of the supplementary revenue.

But it is not difficult to understand that the increase of the loans granted to members was a *sine quā non* of the development of the associations and that absolute obedience to Sontoku's rules had necessarily to give way to the economic requirements of the societies.

In all these cases the *zenshūkin*, which is a kind of working capital, can only be lent to members or branch societies under the following forms and for the following ends :

1st. Encouragement loans granted by vote of the members' meeting ;  
2nd. Loans granted to members engaged in trade, industry or agriculture, who have expressed the desire of contracting a loan for the improvement of their business situation ;

3rd. Loans granted to members suffering from misfortunes or accidents (floods, fires etc.).

*Supplementary Revenue.* — The *kanyūkin* has really the character of a savings deposit. It consists of the total deposits of members who pay into the Society a portion of their profits. This money is generally returned to the depositors on their leaving the Society. This supplementary revenue forms, as we have said already, the capital the *hōtokushas* utilise for the grant of loans to members, or adhering associations.

Sometimes this *kanyūkin* is divided and then used for special purposes : it then receives the most various names. Thus we find special funds for the purchase of land, houses, seeds, manure etc. When the occasion presents itself, these funds are employed on the purchases for which they are set apart. For example, in the *Sugiyama Hōtokusha*, we find special funds for the cultivation of oranges and lemons, the rearing of silkworms, and even a special thrift fund, called *yōsonkin* (literally, money for the grandchildren). And again the Society provides for the necessary steps to be taken in cases of famine, earthquake, floods, or other disasters, and with this object it collects every year a certain quantity of cereals and other food which it does not leave in its warehouses, but, in ordinary times, lends without charging interest to those of its members who, in consequence of some disaster, find themselves without food. These loans are generally repaid in kind at harvest time.

We have thus given our readers a brief sketch of these special Japanese associations which, while their economic constitution presents nothing astonishing, are none the less surprising examples of kindness, charity and human solidarity.

At the end of this short study on the *hōtokushas* we give *in extenso* the rules of one of them. The reader will thus be able to form a more accurate idea of the constitution of these societies. In the foregoing pages, in fact, we have had to limit ourselves to a general outline of the subject, so as to include all the various classes of associations under one head, though, as we have already had occasion to observe, there are considerable differences between them.

The rules we give in the Appendix are those of the *Hōtoku Enjōsha*, one of the largest central societies now existing in the prefecture of Shidzuoka. These rules, which have been approved by the Minister of the Interior, were published on June 19th. of the 34th. year of Meiji (1901), in accordance with article 38 of the Civil Code (1).

### § 3. CENTRAL AND BRANCH SOCIETIES.

In the provinces where the situation is most favourable to their development, the *Hōtokushas* have established a regular system of associations of three types : central associations (*honsha*) ; branches (*bunsha*) and local societies (*sha* or *shisha*). This organization has the great advantage of allowing the societies to keep in immediate and direct contact with the population of the localities, even those most remote from the centres of any importance. The costs of administration, which are almost nothing, are easily covered, owing to the great popularity of the associations which are able to live and accomplish their mission of charity, above all with the help of the donations they very frequently receive.

We have, thus, in the prefecture of Shidzuoka, six large central associations, with, at the end of 1900, 509 local societies. When it is observed that in 1898 the number of these associations was only 183, we see that the popularity of the *Hōtokushas* has not diminished and that the laws on co-operative societies (of European type) have had no ill effect on the development of these associations. It must be further observed that the *hōtokushas* are really spreading in a surprising way ; to form an idea of this, it is enough to note that the number of communes in the prefecture of Shidzuoka is 342, and there are, as we have seen, 509 *hōtokushas* there. We must not therefore be surprised if the local societies generally are very poor and have few members ; we must not forget that the *hōtokushas* are not intended to become powerful credit institutions, but are essentially benevolent associations for the assistance of the unfortunate and the de-

(1) Article 38 of the Civil Code reads as follows : " The rules of societies with legal personality can only be passed or amended by a vote of at least three fourths of the members, except in cases provided for in the rules themselves. Any amendment of the rules must be approved by the Prefect, and only then has legal force ".

stitute out of the trifling resources of individuals who are not capitalists but themselves poor, and very often only temporarily in possession of some small savings.

A really very restricted area is therefore an essential characteristic of the *hōtokushas*: if they became important financial associations, they would necessarily lose their character of benevolent societies and assume the more general type of the Western co-operative societies.

#### § 4. SOME STATISTICAL DATA.

We may, therefore, now give some statistics of the *hōtokushas* of the prefecture of Shizuoka, without fear that the reader will consider them insignificant.

## Hōtokushas Founded in the Prefecture of Shidzuoka.

(Situation on January 1st., 1911).

Names of the Central Societies	Number of Local Societies Founded and Dissolved in the Years													Balance
	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	
<i>Tōkai-kuni Hōtokusha</i> and Branches . . . . .	152	71	13	25	6 *1	10 *1	5 *2	4 *2	10 *4	16	6 *1	6 *1	17 *1	329
<i>Suruga-higashi Hōtokusha</i> and Branches . . . . .	28	3					1			2			6	40
<i>Suruga-nishi Hōtokusha</i> and Branches . . . . .	2	1												3
<i>Shidzuoka Hōtokusha</i> and Branches . . . . .		5	1											6
<i>Enfōsha</i> and Branches . . . . .		79					*1	*1				1		78
<i>Hōkōshā</i> and Branches . . . . .		27	1		4									32
Other Societies . . . . .		2	2	3	4	3	1	2	1				3	21
Total . . .	183	188	17	28	14 *1	13 *1	7 *3	6 *3	11 *4	18	6 *1	7 *1	26 *1	509

*Note.* — The figures marked by an asterisk refer to the societies dissolved, the other figures to those founded in the year.

We give below some figures showing the situation of each large group on January 1st., 1911.

Central Societies and Branches	Number of Members	Capital (yen)	Amount of Rice Deposited ( <i>koku</i> )	Amount Lent	Amounts Borrowed (yen)
Dai Nippon hōtokusha .	1,952	180,889.99	2,134.94	52,054.48	—
Branches . . . . .	10,982	465,717.09	56.25	191,746.30	40,668.74
Suruga-higashi hōtokusha .	1,130	6,221.43	307.27	4,483.06	—
Branches . . . . .	1,394	63,666.64	—	40,709.18	4,341.82
Suruga-nishi hōtokusha .	463	12,497.10	—	12,497.10	—
Branches . . . . .	60	7,729.38	17.20	5,742.42	—
Hōtoku-enjoshu . . . . .	30	5,271.90	—	4,151.90	128.00
Branches . . . . .	2,586	143,547.67	174.44	104,876.75	5,093.90
Hōhon-sha . . . . .	77	2,334.90	—	1,540.00	632.50
Branches . . . . .	796	71,109.25	237.10	47,535.31	1,873.00
Shidzuoka hōtokusha . .	15	358.85	—	199.90	—
Branches . . . . .	81	1,943.54	16.00	561.88	—

1 yen = frs. 2.58 ; 1 *koku* = 1 hl. 8.

Although the above figures are too general and not sufficient for a complete study, they enable us to observe two highly important facts: the development of the *hōtokushas*, far from being arrested by the economic changes, of a social and let us say moral, character, that followed the Restoration, has in some degree benefited by the new situation and has rapidly progressed. We may even observe that, in spite of the foundation of co-operative societies of European type, the *hōtokushas* have continued to extend themselves and, in our opinion, this extension will not stop at least as long as the Japanese peasant preserves those sentiments of honour, self denial and disinterestedness which are to-day his most salient qualities and on which, without doubt, mutual associations of the *hōtokusha* type may be based.

But as we have spoken of the relations between the *hōtokushas* and the co-operative societies, we think it will be advisable to add a few words on the subject.

## § 5. THE HÔTOKUSHAS AND CO-OPERATIVE SOCIETIES.

We might, at first sight, suppose that the two types of societies must remain absolutely unconnected with each other, on account, above all of the essential differences separating them. In fact the *hôtokushas* have only a very limited economic value, above all when considered in relation to the economic development of the whole country. It is rather from the moral and social point of view these small associations have an importance no good observer can deny. In fact, not only do the *hôtokushas* exert above all a highly important social control over the simple peasants, but they also are a powerful incentive urging the members and even the populations merely in immediate contact with them along the path of virtue, honour, self denial and philanthropy. This is in fact the practical ideal pursued by Raiffeisen, which our Banks for loans on honour attempt to realise amidst so many difficulties. It is finally the best witness the Japanese peasant can bring forward in his own favour.

The co-operative society is another matter.

It is found in Japan amongst the merchants and manufacturers and even among peasants of a somewhat higher class, whose morality differs little from that of the corresponding classes in Europe, but completely from that we have described in speaking of the very poor and sometimes destitute peasants from among whom, as a rule, the members of the *hôtokushas* are drawn. The members of the co-operative societies are hindered by a number of anxieties very often due to necessities of an economic character and by selfish sentiments and the desire of personal gain from developing the ideal principle of human solidarity, self denial and virtue which is the essential condition of the existence of the *hôtokushas*. We may therefore say that the same conditions which have placed such serious obstacles in the way of the development of banks for loans on honour in Europe would present themselves in Japan, if it were attempted to institute *hôtokushas* on a large financial basis enabling them to compete with the co-operative societies. There would first be a change in the kind of business transacted by the societies and above all there would be an impossibility of immobilising large amounts of capital which would prevent too large a grant of loans not at interest; that is to say they would not only be obliged to deviate from the Rules of the Master, but the society would end by losing all its essential moral and mystical character. The type of customers would next change: it would no longer be the poor peasant who would have recourse to the new *hôtokusha*, since he could no longer pay the entrance fee which would be too high for him, nor the interest on loans; it would be the small merchant, the small shopkeeper, the small manufacturer, and small agricultural land holder, who would become members to the exclusion of the former ones. With such members would it still be possible to think of loans on honour? We do not in any way wish to throw doubt on the probity of the Japanese merchants, manufacturers



and landed proprietors. However, it is difficult not to admit *a priori* that the uncertain conditions of industry and trade, the necessity of credit very often out of proportion to the real resources of the borrowers, and the temptation to speculate so frequent in Japan as every where else, would render very hazardous the economic situation and stability of a society which, while addressing itself to such a public, offered to grant loans on honour under such dangerous conditions. And then? The natural and logical conclusion would be: in view of the difference between the public, the environment, the objects and operations of the *hōtokushas* and the co-operative societies, the two types of society may freely live and thrive beside each other without creating difficulties for each other, and above all without entering into competition with each other.

Unhappily this conclusion is only correct up to a certain point.

In the large towns and even in the centres where commerce and industry are fairly well developed, the two forms of society, appealing each to an absolutely different public, have been able to live freely without friction. Still we may observe that in these towns and these centres there are hardly any *hōtokushas*; the co-operative societies thus have the way quite open for their development. For the same reasons, it is quite otherwise in the small inland villages, where co-operative societies would have had no inducement to develop nor any possibility of doing so: the *hōtokushas* have remained there absolutely predominant. But the spread of co-operative principles in Japan has been very rapid, as has been the case with every progressive movement; co-operative societies have not been slow to multiply even among the rural population inhabiting centres as remote as possible from the large towns, and, consequently, to come into direct contact with the natural customers of the *hōtokushas*. In spite of the difference of the ends pursued and of the customers to which the two classes of society appealed, a certain antagonism was not long in manifesting itself, as we must remember here the *hōtokushas* are not exclusively banks for loans on honour, but, in the first place perhaps, missionary societies the object of which is economic improvement by means of the observance of certain moral principles. The co-operative principle is, without doubt, far more utilitarian. The spirit of mutuality sees in the co-operative society an excellent means for general improvement through a series of individual advantages. It is, in fact, the possibility of indirect or immediate profit that induces the peasant to become a member of a co-operative society, and it would be slightly ingenuous to imagine that in his decision he is principally influenced by love of his neighbour. The contrary may be affirmed in the case of the *hōtokushas*. It is precisely the purest sentiment of self denial, self devotion, philanthropy, and compassion for the wretched, which urges the Japanese peasant to join the gratitude associations: he knows that he can gain no personal advantage, except in the case of his being himself in misfortune, or desiring to undertake some work of public utility, but not of a class which would bring him in a direct profit.

The difference of the two types of association must then produce friction and even real antagonism. If the Japanese Government understands all the advantages the national economy may derive from the development of co-operative societies, it is also perfectly aware of the enormous importance of the moral rôle of the *hōtokushas*. Dr. Teizo Ito, Head of a Division in the Department of Agriculture and Commerce at Tokio, and one of the most active and influential members of the *Dai Nippon Nōkwai*, (Japanese Agricultural Society) has recently said :

"The Japanese Government sees with great interest the spread of the co-operative societies, but it also follows, with an interest certainly no less great, the work of the *hōtokushas*. There is, it is true, some antagonism between the two types of association, but, in the first place, this antagonism is rather apparent than real, and then it is exclusively limited to those localities where the economic and agricultural conditions cause the two types of society reciprocally to invade each the other's field. Unhappily, the general interests of the country are such that the Government can only follow a strictly neutral policy ; it endeavours, it is true, as far as possible, to assist the development of the co-operative societies, which can in no way injure the prosperity of the *hōtokushas*, but it also endeavours not in any way to disturb the highly moral action of these latter. Thus, the civil personality of the *hōtokushas* has been recognised (it was the surest means to guarantee them against any surprise, while leaving them their independence and spontaneity, which are among their most remarkable qualities), and, again, the Government authorities never fail by their presence or by that of their delegates to give official sanction to all the ceremonies, readings, and lectures, initiated by the *hōtokushas*."

(To be continued).

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

### GERMANY.

**ZEHN JAHRE DEUTSCHE LANDWIRTSCHAFTLICHE GENOSSENSCHAFTSCHULE**, mit ausschliessendem Jahresbericht für das Schuljahr 1913-1914. (*Ten Years of the German Agricultural Co-operative School, with the Report for the Scholastic Year, 1913-1914*). German Agricultural Co-operative Library, Published by the National Federation of German Agricultural Co-operative Societies, 23rd. volume. Berlin, 1914. 64 pp.

As a result of the great progress made by agricultural co-operation, above all in Germany, a greater demand is beginning to make itself felt for employees for the management of co-operative societies. In order that such employees may be able to perform the duties incumbent on them, they must have a whole store of special knowledge they could scarcely attain otherwise than by practice. But, in proportion as the field of co-operation has enlarged, the position of the employees of the co-operative societies has increased in importance, and the need of founding special institutions for their instruction and improvement is felt more and more. In such foundations the principal part must naturally be taken by the federations, the duty of which is to direct and supervise the co-operative movement.

Among the schools started, the most important is without doubt the *Deutsche landwirtschaftliche Genossenschaftsschule* (German Agricultural Co-operative School). It was founded by the *Reichsverband des deutschen landwirtschaftlichen Genossenschaften* (National Federation of German Agricultural Co-operative Societies) in 1904, and consequently it has now been working for ten years. It is for the occasion of its tenth anniversary the volume before us has been published. It contains a complete account of the history of the school and of the results attained by it as well as a detailed report of the last scholastic year.

At first, the object of the institution was to make it possible both for employees occupied in co-operative work and others desirous of preparing themselves for situations in the service of the co-operative agricultural federations or central banks or in the ordinary co-operative societies to receive systematic instruction and be perfected in the theory and practice of every branch of co-operative work.

The first course lasted from September 19th. to October 21st., 1904, that is to say five weeks, and was attended by 41 pupils, of whom 22 were already employed in co-operative societies. In 1905 the term of the course

was prolonged to six months; the greatest importance was in fact given to the preparation of the younger employees and the aspirants to situations in the co-operative societies and it was necessary to handle the subjects more thoroughly for them. For these halfyearly courses, in fact, scholastic methods of instruction have been adopted.

In addition to the regular course, from the 2nd. to the 27th. July, 1906, an advanced course was given, to enable employees already habituated to co-operative work to extend their technical knowledge and enlighten them in regard to the most recent progress and discoveries made in connection with agricultural co-operation. Besides this, between September 20th. and 25th., 1909, a series of lectures was given for the benefit of the older employees of the co-operative societies entrusted with the management of organizations, honorary members of the co-operative societies, professors of agriculture and employees in legal and administrative offices. These advanced courses and special courses were intended to be resumed periodically, but it has not yet been possible to carry out the idea.

The ten courses at the school have been attended by altogether 351 pupils. Of these, 224 were employed in co-operative societies while 35 of the 351 were foreigners.

#### GREAT BRITAIN AND IRELAND.

PRICE (L. L.) Co-operation and Co-partnership. London (undated): Collins (The Nation's Library). 8vo 264 pp.

This little book forms one of a series of books treating in a popular manner economic and social questions of the day. It is divided into two parts, in the first of which the author discusses the problems which the co-operative and co-partnership systems were devised to solve and indicates how, in some respects, they have failed to fulfil the hopes of their original promoters. In the second part the author outlines the positive achievements of the movement in Great Britain and Ireland.

WILLIAMS (ANEURIN): Co-partnership and Profit-sharing. London (undated): Williams and Norgate (Home University Library). 8vo. 256 pages.

This is similar in character to the book just noticed, but it deals with a more limited subject. Mr. Williams, however, does not confine himself to the United Kingdom, but describes co-partnership and profit-sharing enterprises in France and America. He discusses the relations of co-partnership to trades unionism and to co-operation and its influence in the transformation of capitalism.

## ITALY.

CASALINI (Dr. MARIO): Co-operazione e mutualità agraria (*Agricultural Co-operation and Mutuality*), Como, Printed by A. Bari, 1914 67 pp.

In this little manual, one of the Popular Science series issued by the Italian Federation of People's Libraries and the Library of the People's University of Milan, the Author shows in a simple and clear manner how the various kinds of co-operative and mutual agricultural societies in Italy are formed and work. The paragraphs in which he speaks of the influence of political parties on the development of the modern co-operative movement and of the importance of co-operation for the small farmer are specially noteworthy.

CAMPARINI (LUIGI) and RUSCELLONI (ALFREDO): Manuale per le latterie. Appunti di legislazione, amministrazione, contabilità (*Handbook for Dairies. Notes on Legislation, Management and Bookkeeping*). Reggio Emilia. Printed by Riccardo Bondavalli. 1913, 244 pp.

This manual, published by the National Union of Co-operative Dairy Societies, gives a systematic summary of legal, administrative and book-keeping matters for the benefit of the dairy societies. Their easy and popular style and the accuracy of their statements has enabled the authors to perform their task in an entirely satisfactory way.

CANEVAZZI (E.). Co-operative per la produzione avicola (*Poultry Improvement Co-operative Societies*). Catania, Battiato, 1914, 68 pp.

After some information on the existing condition of the industries in connection with farmyard produce in Italy, the author gives examples from foreign countries, especially Denmark, Great Britain, France and Germany to show how very advantageous it would be for Italy to encourage the formation of Poultry Improvement Co-operative Societies.

## Part II: Insurance and Thrift

### GREAT BRITAIN AND IRELAND.

#### MUTUAL PIG INSURANCE IN ENGLAND AND WALES.

##### OFFICIAL SOURCES :

- THE CO-OPERATIVE INSURANCE OF PIGS (CONTAINING ALSO MODEL RULES FOR PIG CLUBS).** Board of Agriculture and Fisheries. London, 1914.
- THE GUIDE BOOK OF THE FRIENDLY SOCIETIES REGISTRY OFFICE (ANNUAL).** London.
- MUTUAL INSURANCE OF LIVE STOCK.** Leaflet No. 221 of the Board of Agriculture and Fisheries. London, 1909.
- BREDON PIG CLUB.** In the *Journal of the Board of Agriculture*, October 1912. London.
- CO-OPERATION IN AGRICULTURE IN 1912.** In the *Board of Trade Labour Gazette*, May, 1914. London.
- CO-OPERATIVE AGRICULTURAL SOCIETIES IN THE UNITED KINGDOM.** In the *Journal of the Board of Agriculture*, May, 1910. London.
- KEMERTON AND OVERBURY PIG CLUB.** In the *Journal of the Board of Agriculture*, No. 3, June, 1912. London.
- MODEL RULES FOR A PIG INSURANCE SOCIETY.** In the *Journal of the Board of Agriculture*, No. 11, February, 1914. London.
- PIG CLUBS IN ENGLAND AND WALES IN 1910.** In the *Journal of the Board of Agriculture*, No. 3, June, 1912. London.
- PIG INSURANCE CLUBS IN 1911.** In the *Journal of the Board of Agriculture*, No. 8, Nov., 1912. London.
- PIG INSURANCE CLUBS IN 1912.** In the *Journal of the Board of Agriculture*, No. 8, Nov., 1913. London.
- THE DEVELOPMENT OF AGRICULTURAL CO-OPERATION IN GREAT BRITAIN.** In the *Journal of the Board of Agriculture*, No. 7, Oct., 1912. London.
- THE HAND IN HAND PIG CLUB, SPALDING.** In the *Journal of the Board of Agriculture*, December, 1913. London.
- THE MANAGEMENT OF A PIG CLUB.** In the *Journal of the Board of Agriculture*, February, 1913. London.
- WELLAND HIGH BRIDGE PIG CLUB, SPALDING.** In the *Journal of the Board of Agriculture*, March, 1913. London.

## UNOFFICIAL SOURCES:

- WOLFF (H. W.): Co-operation in Agriculture. P. S. King & Son, London, 1912.
- STOPFORD (E. A.): Co-operative Live-Stock Insurance. In the *Journal of the Board of Agriculture*, November, 1910. London.
- THE SUTTERTON, ALGARKIRK, FOSDYKE AND WIGTOFT PIG CLUB. In *Co-operation in Agriculture*, November, 1912. London.
- WILSON (Sir James, K.C. S. I.): The Co-operative Insurance of Live-Stock in England and Wales. In the *Journal of the Royal Statistical Society*, January, 1914. London.
- TYSOE PIG INSURANCE SOCIETY. In *Co-operation in Agriculture*, February, 1913. London.

## INTRODUCTION.

While in Great Britain and Ireland many forms of agricultural organisation have been developed by means of the work of a propagandist body established for the purpose, societies for the mutual insurance of livestock came into existence spontaneously and have spread from village to village without being promoted by any central organization. It is more than a hundred years since such societies were first formed, for we find that at Mawdesley in Lancashire a mutual cow insurance society existed in 1807. Of societies for the insurance of pigs alone the earliest society registered under the Friendly Societies Acts, and still in existence, is that of Langworth in Lincolnshire which was registered in 1859. In view of the facts that registration under those Acts is not compulsory, that societies so registered number about 3 % only of the total number of pig insurance societies, and that legislation of the controlling type of the Friendly Societies Acts is not introduced unless and until societies have already sprung up and require advice and supervision by a Governmental department, it is clear that pig societies, too, are by no means of recent origin.

If their history is lengthy, the necessity for the insurance of the owners of pigs against loss by their premature death from accident or disease is plain when one learns that the total number of pigs in England and Wales was 2,496,670 in 1912, and 2,102,102 in 1913. Further, in 1908-9 about 4,400,000 pigs were sold off the farms of Great Britain at an aggregate price of about £14,350,000, *i. e.* an average price of about £3. 5s. per pig, whilst for the same period of 1908-9 it was officially reckoned that of pigs on holdings of above one acre in extent the death-rate was 7 per cent. (including young pigs born during the 12 months).

The risk of loss of valuable property is thus considerable. What measures have been taken to lighten the weight of this loss by insurance? Very few, apparently (except in the case of loss by fire), for it has recently been officially estimated that (loss by fire again excepted) only some 2 % is covered by insurance in Great Britain generally; and it would seem from a study of the figures that the percentage would only be very slightly higher in England and Wales. Of this proportion practically all seems to be effected by such societies as are the immediate object of this article.

## § 1. COMPARISON BETWEEN COMMERCIAL INSURANCE COMPANIES AND MUTUAL INSURANCE SOCIETIES.

It will perhaps be well at the outset to explain some of the essential differences between the working of the ordinary commercial companies which conduct this class of business and that of the typical mutual pig insurance society or Pig Club as it is called. The *Journal of the Board of Agriculture* for June, 1912, in this connection says: "The large insurance companies, which deal with the insurance of live stock, generally charge a premium of 5 % on the maximum amount payable on the death of a fattening or store pig, and 7 ½ % in the case of a breeding sow or boar, and this premium does not cover the risk of death from fire or lightning. Usually they refuse to insure pigs under six months old, and one company at least declines to insure pigs unless horses or cattle are also insured. The Clubs generally insure any pig over nine or ten weeks old. If, instead of insuring co-operatively, the members were to insure their pigs individually with one of these companies for a sum which might in any case amount to £ 5, they would have to pay a premium of at least 5s. a year, which would not cover so many risks as are now covered by their average payments of 2s. 4d. per annum".

## § 2. AREA OF OPERATIONS AND MEMBERSHIP OF PIG INSURANCE SOCIETIES.

By far the greater portion of pig insurance, then, is carried out by Pig Clubs and this insurance is cheaper than that of the ordinary commercial insurance company. What exactly is a Pig Club? It usually consists of a small number (generally 30 or 40) of men in somewhat poor circumstances, dwelling in a small area, usually one or two neighbouring villages, who have formed themselves into a society for the common object of mutually insuring themselves against loss resulting from the death due to disease or accident of any pig of theirs insured with the society.

A few quotations from the *Journal of the Board of Agriculture* will indicate, better than any further description, the class of persons who compose such societies. Thus, in the October issue of 1912, in an article on the Bredon Pig Club started in 1875 for "the insurance and relief of the members who may have the misfortune to lose a pig", we read: "The Club now consists of 90 members, most of them working men, though it also includes one or two small farmers, builders and other villagers.... The affairs of the society are managed by a Committee of ten members, almost all work-ingmen, several of whom are employed on the railway. There are three trustees, of whom two are inn-keepers and one a builder. The president is a pork-butcher, and the secretary, to whom much of the success of the



Club is due, is a market-gardener. The accounts are audited by the station-master and the post-master".

Again, the same *Journal*, in the issue of March, 1913, writing of the Welland High Bridge Club, which is unregistered, says that it has been in existence since 1897, and now consists of 48 members, mostly working men, about half of them being employed on the railway. Only persons resident within two miles of the headquarters of the club are accepted as members.

Again, the June issue for 1912, writing of the Kemerton and Overbury Club, says:

"It now consists of 86 members, most of whom belong to the labouring class: but it also includes a baker, policeman, engine-driver, builder, glazier, blacksmith and coachman. It insures 112 animals, of which 6 are breeding sows and the rest store pigs kept for fattening purposes".

Once more the same *Journal* in its survey of Pig Insurance Clubs in 1911 says, in its issue of November, 1912: "Almost all these Clubs (registered and unregistered) consist chiefly of working men and have been started spontaneously without any help or impetus from outside. Each village has worked out its own ideas in the matter, so that there is a great variety in the rates and rules adopted."

### § 3. STATISTICS OF PIG CLUBS.

An investigation by Sir James Wilson into the number and working of such societies in 1912 shows that there were in England and Wales something like 1,000, of which 33 were registered under the Friendly Societies Acts, and with regard to them and to 832 others not so registered, statistics were available. But it must not be supposed that these clubs are altogether common to the whole country, for the *Journal of the Board of Agriculture* in its issue of November, 1913, said, that there were then no such societies in Ireland, Scotland or Wales, nor in 14 English counties, and that half of the unregistered ones were in Lincolnshire and Nottinghamshire.

Putting aside for the moment the question of the differences between a registered and an unregistered society, which do not necessarily involve any difference in size, in amount of contributions payable, or even in the financial stability of a society, we now present some of the available statistics with regard to the two classes. For Registered Societies we present the figures for 1911 and 1912; for Unregistered Societies no figures are available except for 1911 in respect of which year a special enquiry was made, and statistics ascertained for 832 such societies. It should be stated that there must be perhaps as many as 200 to 300 additional Unregistered Societies for which no statistics are yet available.

TABLE I. — *Statistics of Pig Clubs in 1911 and 1912.*

Particulars	Registered Societies		Unregistered Societies
	1911	1912	1911
Number of Clubs for which Statistics are Available . . . . .	31	31	832
Total Membership . . . . .	1,627	1,461	30,529
Average Membership per Society . .	52	47	37
Total Number of Pigs Insured . . .	2,842	3,066	53,981
Average Number of Pigs per Society .	92	99	65
Average Number of Pigs per Member	1.7	2.1	1.7
Number of Insured Pigs which Died .	119	148	2,837
Percentage of Insured Pigs which Died	4.2	4.8	5.3
Total Amount of Insurance Contributions and Levies . . . . .	£338 10 s. (excluding management contribution)	£261	£7,462 (including management fund)
Average Contribution per Pig Insured (Insurance and Management) . .	3 s. taking 7d. as the average management expenses of 20 societies)	2 s. 4 d.	2 s. 9 d.
Total Amount Paid in Claims . . .	£255 (deducting amount received for sale of carcasses, etc.)	£285	£4,968
Average Amount Paid per Pig which Died . . . . .	£1 14 s.	£1 19 s.	£1 15 s.
Average Amount Paid per Pig Insured	1 s. 9 d.	1 s. 10 d.	1 s. 10 d.
Total Amount Accumulated at end of the Year . . . . .	£1,999 (excluding management fund)	£1,894	£27,748 (including management fund)
Average Amount of Reserve per Club	£64	£61	£33
Average Amount of Reserve per Pig	14 s. 1 d.	12 s. 4 d.	10 s. 3 d.
Number of Years' Average Losses in Hand . . . . .	7	6	5

A perusal of this Table will show that the financial stability of the Societies, Registered and Unregistered alike, is on the whole very satisfactory, since they have enough money in hand, made up of savings on previous years workings, to pay an average year's average losses several times over.

#### § 4. REGISTERED AND UNREGISTERED PIG CLUBS.

A Pig Club may register itself under the Friendly Societies Acts if its members so desire, but it is not in any way compelled to register. If it does so register, the Club and its members enjoy certain privileges denied to Unregistered Societies and their members, and in return for these privileges it is subject to a certain amount of official supervision by the Registrar of Friendly Societies, which of course is not exercised over Unregistered Societies. The latter are indeed at perfect liberty to conduct their affairs as they like and their members and officers are only amenable to the ordinary rules of the criminal and civil law. We will consider the two classes separately.

Pig Clubs may be registered under the Friendly Societies Acts (for which no charge is made in any shape or form) not, indeed, as Friendly Societies properly so-called, but as a distinct class of society, known as "Cattle Insurance Societies", which the legislature deemed akin to the ordinary Friendly Society in that they encourage thrift and forethought amongst poor persons. A society so registered can insure only against a loss arising by death, and not by straying, or theft, or accident resulting in injury but not in death. Application for registration must be made to the Registrar of Friendly Societies on a prescribed and special form, and must be signed by 7 members. The rules applicable to such societies are for the most part similar to those applicable to registered Friendly Societies, but not wholly so, and there are also a few special rules applicable to them only. In common with Registered Friendly Societies they have the following advantages: exemption from stamp duties, preferential rights over other creditors on the death or bankruptcy of any officer of the society; power to admit members from the date of their birth; power to compel officers of the society to give security for the rendering of proper accounts and to account for and deliver up any property of the society in their hands, and the right to proceed summarily against anyone misappropriating the society's property. A Registered Society is on the other hand placed under the obligations of having a registered office, of appointing trustees, of auditing its accounts, and of sending an annual return of its working to the Registrar. It must also keep separate accounts of all moneys received and paid on account of every particular fund or benefit assured, as well as of the expenses of management and of all contributions received on account of management.

But the special rules applicable to Cattle Insurance Societies (including Pig Clubs) must be noted. The most important perhaps is the fact that

whereas a Registered Friendly Society is limited in the amount of its liability on any particular insurance, a Cattle Insurance Society is not so limited by law and may insure, for example a prize boar for several hundreds of pounds (unless indeed the rules framed by the members forbid it in the case of any particular society). Just as the liability of the society is unlimited by law, so also the individual liability of the members is unlimited by law, though here again the rules of any particular society may place some limit upon that liability. These societies also differ from Registered Friendly Societies in the binding nature of their rules and in the legally recoverable character of their contributions. The latter may indeed be recovered in the County Court of their district. Finally it should be noted that such societies, like Registered Friendly Societies, can bring and defend actions through their trustees, a matter which in practice is of great importance.

Unregistered Societies have no legal existence. They have no rights and no liabilities in law. The law does not recognize them. The only protection and redress the members can get is enforced indirectly by proceedings against any individual members of the society who may have taken any active part in the particular operation of the society in question. In point of law the act (*e. g.*, insurance) on which the action may happen to be brought was an act of the Secretary or Chairman or Marker, or other active member of the Committee, not as agent for and to bind the Society, but to bind himself or others acting with him on that particular occasion, personally and personally only.

A Registered Society can and will alter its legal position when any act is done in accordance with the rules it has laid down for its own government, whereas an unregistered society having no legal position at all, cannot be affected as a society by anything its officers may do. The liability in the latter case is purely personal to all those who have taken part in the particular transaction sued on. It will be plain then that in a Registered Society the rights of an individual member are better secured than in an Unregistered one, whilst the position of officers of an Unregistered Society is less satisfactory also because they may find themselves involved in a personal liability, unlike officers of a Registered Society. Again an Unregistered Society has no legal control as a Society, and, therefore in the last resort, no effective control over its Secretary, Treasurer, Marker, or other employees. They are only subject to the ordinary law of larceny and embezzlement, whilst a Registered Society has additional remedies on summary conviction whenever any person by false representation or imposition obtains possession of any of its property, etc.

#### § 5. RULES OF PIG CLUBS.

Having considered the general nature and the legal, and financial position of these Clubs it will be interesting to consider the nature of the rules which govern their inner working, the general soundness of which must in

a large measure have contributed to the general success of such Clubs. As has already been pointed out, the rules of the different societies (formulated for the most part by working class committees) differ very considerably and it would be impossible and useless to do any thing more than give a general idea of them here. It will be best to quote from the rules of the best managed societies. In this connection also it will be well to mention alterations suggested in many of these rules by the Board of Agriculture in the sets of "Model Rules" which they in conjunction with the Agricultural Organization Society have drafted for the use of Registered and Unregistered Pig Clubs respectively. The Rules usually deal with such matters as: Name and area of society; object; election of members; contributions payable; acceptance, rejection and marking of pigs as accepted for insurance; inspection of diseased and injured pigs; valuation for compensation; supervision of pigs by Society; amount of compensation payable; conditions of such payment; management and insurance funds control; how deficiencies in such funds are met; diminution of contributions in cases where the funds in hand are considerable; investment of funds; general meetings; committee, powers of; officers, powers of; security by Secretary and Treasurer; duties of Marker, and payment; penalties and fines of members and officers on breach of rules; settlement of disputes; books of account to be kept; auditing of accounts, and amendment of rules. In the case of a Registered Society there are also Rules providing for: the appointment and duties of trustees; inspection of books of account and the exhibition of the last annual balance sheet on the walls of the headquarters; the making of annual returns to the Registrar and applications to the Registrar to inquire into the affairs of the Society.

The particular rules which seem of special interest and which therefore will be considered more fully are those which fix the amount of the contribution, the risks insured against and the amount of compensation payable.

(a) *The Contribution Payable.*

A new member usually pays in respect of himself an entrance fee of 1s. sometimes increased to 2s. 6d. if he insures a boar or a sow, and very often he has to pay the Marker's fee varying from 1d. to 3d. for marking a pig, thus denoting its acceptance for insurance by the Society. He also pays an annual premium varying between 1s. and 6s. for a store pig and 2s. 6d. to 8s. 8d. for a boar or sow. He is also usually liable to an additional levy if at any time further funds are required to meet insurance claims, but this power seems to be resorted to very rarely indeed. Provision is also usually made for reducing the annual contributions of those members of more than 4 or 5 years' standing when the funds of the Society warrant it and it is under a provision of this nature that the Kemerton and Bredon Clubs, both of which have large reserve funds and a low death rate, have reduced the annual contributions of members of 4 years' standing to only 8d. a year, in return for which they get full compensation for pigs that die. Some Clubs make a rule by which

any surplus fund above a certain amount is annually divided up amongst the members, but this course is not recommended by the Model Rules, which adopt the system of reducing the contribution for older members as at Kemer-ton and Bredon. The actuarial basis of these contributions is the expectation of a liability to pay claims on 5% of the pigs insured at an average price of £2 per pig. The reason why the average amount of compensation is comparatively low is because the Clubs insure growing pigs in far greater numbers than breeding sows and boars, and as soon as growing pigs have reached a fair size they are killed, usually for home consumption. Hence the value of many of the pigs on which compensation is paid may be as little as £1 or even 15s. It is because of the greater financial liability of the society in case of the death of a breeding sow or boar, which from the moment of its acceptance for insurance by the Society is perhaps worth anything between £3. 10s. and £8, as well as because they are more liable to disease and sickness, that the premium for them is higher than the premium for the younger fattening pig killed in the full vigour of his youth.

It should perhaps be stated here that some societies benefit by the subscriptions of honorary members, more often in the initial years of their existence. Further, in 1911, a Bill was introduced into Parliament in which it was proposed that livestock insurance societies should receive financial help from the Treasury but the Bill was dropped and they in fact receive no financial help from that source.

#### *(b) The Risks Insured Against.*

The societies provide for insurance "against loss by the death of pigs from disease, accident or otherwise".

As previously mentioned, a society which insures against loss otherwise than by death cannot be registered. And yet societies do not hold themselves out as willing to insure every pig any of their members may happen to possess. Some of them refuse to insure any but store pigs and some will insure sows but not boars; many societies refuse to insure any pigs under the age of 8 weeks or so, also any pig newly bought which has not been in the owner's possession for at least two weeks, and refuse to pay compensation on any pig which dies within two weeks of insurance. Neither does the society contract to pay compensation on any pig which may happen to die in consequence of castration or spaying, nor on any pig which may fall ill or die in consequence of ill-treatment, neglect, careless exposure to contagion, keeping in a grossly insanitary condition, or neglect to carry out the lawful orders of the Committee or Marker as to treatment. The society is by its rules usually exempted from the liability to compensate the owner in cases where he has already received compensation from another source, as for instance in case he has also insured with an insurance company against loss by fire, or in case he receives compensation from the Board of Agriculture in consequence of the compulsory slaughter of his pigs under a Swine Fever Order. In such cases he is only entitled to receive such balance

as will make up the total amount received by him equal to the amount of compensation otherwise payable by the society.

There is one more question concerning the risks which a society is usually willing to insure against, namely, the number of pigs any individual member may insure with the society. Some societies allow a member to insure only a certain number of pigs; some again allow him to choose as to which he will insure and which he will not. Both these practices are discouraged by the Model Rules, for in the former case it is suggested, that, inasmuch as the risk incurred by the society is always greater when a large number of pigs is kept, the rules should provide that any member habitually keeping more than 5 pigs should pay one-fourth higher contribution than those owing 5 or less. The Model Rules also deprecate the giving of a choice to a member as to which pigs he will insure and which he will not as prejudicial to the interests of the society, because he will be likely to insure the more valuable pigs and the less healthy ones and leave the normal ones uninsured. The Model Rules provide that he should insure all, as indeed many societies do, but in the case of a litter he is to be allowed twelve weeks within which to insure or dispose of them or any of them.

#### (c) *The Compensation Payable.*

Some societies pay members the full market value of the pigs they have lost. Others pay only a proportion of that value varying between two-thirds and seven-eighths, and the Model Rules have adopted the proportion rule as exercising an automatic check upon any undue carelessness of the owner. The market value is usually fixed by the Rules as being the market value at the date when the pig was last in good health, and the amount is fixed at so much a stone of the cleansed carcase. As a matter affecting the actual loss to the society on the payment of any claim, must be mentioned the practice which exists in some societies of disposing of the carcase of the diseased or injured pig for what it will fetch. This practice is not followed or encouraged in the Model Rules, nor is it practised by the best managed societies, which attempt to cure all cases of disease and if unsuccessful bury the carcase and bear the loss. It is also a somewhat dangerous practice for the officers concerned in any such sale as they might render themselves liable to penalties under a Swine Fever or some other Order. The case where the owner is paid compensation by some body other than the society has already been dealt with.

#### § 6. STABILITY AND REINSURANCE.

From a perusal of the Table it is clear that on the whole the financial position of the societies generally is very good. But though the general average is good, there were, in 1910, three Registered Societies which at the end of the year had not in hand as a reserve an amount even equal to the losses sustained during that year.

One other Club was in a position only slightly better. On the other hand one Club, the Kemerton Pig Club in Gloucester, was in the fortunate position of having a reserve of such an amount as would enable it to meet the losses of that particular year 20 times over. Again, in 1912, the Bredon Club had enough in hand to pay the average annual losses (calculated over a period of 9 years) for over 28 years. It is not a very convenient system if members are to be compelled in any slightly exceptional year to pay an additional levy, and that is the reason it is suggested in the Model Rules that societies should aim at establishing a reserve fund sufficient to pay the average losses of 5 years. Until that is done no reduction should take place in members' contributions nor should any division of this fund take place at all.

Closely connected with the question of stability is that of reinsurance. An epidemic may happen in any particular district in any one year and thus cause an unusual drain upon the resources of the society, and though it is the experience of some 1,000 societies that there is no great danger of a society becoming insolvent in consequence of the outbreak of contagious disease in any particular area, it might occasionally happen that a society would be relieved from a heavy strain upon its fund, if it had reinsured with some other body part of the risks undertaken. Reinsurance tends to reduce the shock felt locally and is, therefore, a wise policy for any society of the nature of these Clubs. But there is one other advantage to be gained from reinsurance and that is the fact that it does away with the necessity of so large a reserve, and those societies which have accumulated a large reserve will thus by means of reinsurance of a portion of their liabilities be able to reduce the contributions of older members and thus enable them to benefit to a greater extent by their past payments. In this connection it is interesting to note that the Agricultural and General Co-operative Insurance Society has drawn up a scheme whereby it is prepared to reinsure half the net risks of any local co-operative pig insurance society, if satisfied with its rules and financial position, on payment of one-half the insurance contributions received by the local society, less 10 per cent. of that half.

#### CONCLUSION.

We have already pointed out the difference between the premiums payable by the members of such societies and those insuring in commercial companies. That difference showed a financial gain to the members of the societies themselves owing to the fact that the cost of management in such societies is much smaller than in the commercial companies and because the pig-owners themselves participate in the profits which would otherwise go into the pockets of the shareholders. A further gain to the members, which is indirectly a gain to the community generally, is the decreased death rate which results from the careful localised control which such societies exercise over their members. If a member is



careless in the management of his pigs, fellow members will soon discover the fact and he will lose his right to compensation under the rules. It has been said that for this reason commercial insurance companies have to levy a premium sufficient to cover a loss of 6% in the case of cows whereas co-operative cow insurance societies only anticipate a death rate of some 2 %. It is true the subject matter of insurance is different, but the process of reasoning is the same. Again it was estimated that the average death rate amongst pigs was in 1908-9, 7%, whilst the average which a Pig Club may expect is nearly 5 %, which, however, includes cases in which the society sells a pig suspected of disease before it is really ill, and on the other hand does not include as a rule deaths among young pigs, since Societies do not usually insure under 6 to 8 weeks old. Two quotations from the *Journal of the Board of Agriculture* may be useful on this point. The issue of June, 1912 says of the Kemerton Club: "Its success is due to the healthiness of the locality ; to the care with which the members look after their pigs; to the fairness and mutual trust which they show to each other; to the attention paid by the Committeemen and officials to the affairs of the Club ; to the good advice of their auditor, Mr. Hopkins the schoolmaster of Overbury who has helped them for a number of years to keep their accounts straight ; and to the encouragement given to good sanitation by Sir Richard Martin, who offers an annual prize for the best kept sty and insists on proper drainage ".

Writing of the Bredon Club in October, 1912, the same *Journal* says: "The excellent position which the Club has attained is due to the care taken of their pigs by the members, to the fairness with which they act towards each other, to the attention paid to the affairs of the club by its committee men and office bearers, etc.

But in addition to these moral, economic and social gains referred to in the quotations there seem to be at least two more advantages to the community which must follow in England and Wales equally as on the continent from the co-operation of men interested in getting a livelihood out of live-stock, for writing in the *Journal of the Board of Agriculture* for November, 1910, Mr. E. A. Stopford says of Co-operative insurance of live stock on the Continent: "It is to the small farmer that the mutual insurance of cattle is of especial benefit. The three cow farmer, when he loses an animal, no longer remains a two cow farmer for the rest of his life, while the farmer, who, to avoid the risk of loss of all his capital at one blow, bought two low-priced cows, can now buy a valuable one. This is said to have done more to improve the breed of cattle than many other measures adopted for the purpose ".

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# HUNGARY.

## LIVESTOCK INSURANCE IN HUNGARY,

by Dr. IGNÁ CZ PAJOR,

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### § I. GENERAL HISTORICAL REMARKS.

The insurance of livestock, like every other kind of insurance, is an economic institution demanding above all for its development a certain degree of social thrift and a period of peace with no political disturbance.

Hungary, however, has passed through periods of trouble. Thus, whilst Western States were able earlier to reach a solid economic and political condition, our country, the Eastern gate of Europe, after centuries of storm, was only able to begin the organization of intensive cultivation at the end of 1870. Consequently, there are not to be found in Hungary early forms of livestock insurance like the "*Kuhgilden*" in Germany; and we have not to concern ourselves with ancient history or early attempts at this kind of insurance.

Among the various branches of insurance, livestock insurance is the most complicated, requiring so to say, a knowledge of every other form. It is, therefore, not surprising that livestock insurance is a matter of quite recent introduction in Hungary.

However, a first beginning already existed in the following customs: if an animal belonging to a farmer died and the meat was not unfit for consumption, the commune divided the meat among the inhabitants after a manner that might or might not be previously established, paying the owner the value of the meat. In Transylvania, among the Szeklers, this ancient traditional use is still kept up, under the name of "hopsu." Besides this, we still find communes in which when a cow dies by accident, the owner receives a small sum from the other owners of cows by way of assistance. These and other customs, in all probability, have helped the further development of livestock insurance, but it cannot be considered to have originated with them.

The first attempt at the organization of livestock insurance, by means of a society, was made about 1869 when the "First Hungarian Mutual Livestock Insurance Society" was formed, with a capital of 1,000,000 crs., and began working in Hungary. However, this society,

which was organized for purposes of speculation, was not able to realise the hopes based upon it, and, six years later, after losing its capital, it was dissolved.

In 1875, the second Hungarian Livestock Insurance Society was founded in Hungary under the name of "Orion", with 200,000 crs. capital, but it had no better fortune and failed after working for a short time.

At the beginning of 1880, the Societies "Apis" and "Taurus" were founded in Austria. Their work, principally carried on in Hungary, came to an end after one and two years respectively.

Indeed, livestock insurance, in the strict sense of the word, was not possible at that date. Epidemic cattle disease was raging among the livestock of our country about the middle of the last century and made the success of private undertakings and of the action of societies in this field impossible. Besides this, another circumstance prevented the institution establishing itself, namely the condition of our veterinary service. We had, so to say, neither veterinary surgeons, nor regulations adapted to ensure the health of the livestock. The State had therefore to settle the principal question in relation to livestock insurance, that is to say to adopt all the measures for the veterinary service on which this insurance is based in other countries.

## § 2. LEGISLATION IN REGARD TO VETERINARY POLICE.

This first legal step in the matter was taken in 1874, in the law XX, which regulated the trade in livestock and prevented the importation of cattle disease, and in which we find the first indications of *livestock insurance under the form of compensation*.

The law above all makes provision against oriental cattle plague, for that was at the time the severest scourge from which the country suffered and by which our livestock was decimated.

Paragraph 53 of the law lays it down that when slaughter is necessary on account of oriental cattle plague, the Treasury shall grant compensation equal to the total value of the animal that has to be slaughtered, when healthy, and half the estimated value, when diseased.

This law was amended by article 26 of the law of 1880, by which the importation of livestock from countries in which there was epidemic cattle disease was forbidden: but the provisions in regard to compensation were maintained. Article XX of the 1874 law served as a basis for the organization of the veterinary service, which came into operation by virtue of article VII of the law of 1888.

Order No. 40,000 of 1888 of the Royal Hungarian Minister of Agriculture, putting into force Law VII of 1888, raised the veterinary service of Hungary to the same level as that of other European countries.

The limited space at our disposal prevents our entering into the details of this law which is of very wide application; so we shall confine ourselves to giving the provisions which relate exclusively to livestock insurance.

One of the most important is paragraph 24 of the law, which enumerates the epidemics in connection with which compensation is given, namely :

*a.* oriental cattle plague ; *b.* anthrax ; *c.* hydrophobia ; *d.* glanders or farcy ; *e.* foot and mouth disease ; *f.* contagious pneumonia ; *g.* sheep pox ; *h.* diseases of the organs of generation ; *i.* scab ; *j.* pig erysipelas.

In accordance with Order No. 9,300 of 1898, of the Royal Hungarian Minister of Agriculture, we should add swine fever ; and in accordance with No. 63,832 of 1891, buffalo plague, and finally in accordance with Ministerial Order No. 48,800 of 1906, dry gangrene.

In accordance with paragraph 105 of the Law XX of 1888, the State gives compensation as follows:

(*a*) Half the estimated value is given : 1. when the slaughter of the animal has been ordered by the authorities in the case of contagious disease other than pneumonia, glanders, farcy or hydrophobia ; 2. when the slaughter has been ordered on suspicion of pneumonia, glanders, farcy or hydrophobia and the existence of the disease can only be ascertained after slaughter.

(*b*) Three fourths of the estimated value is given : 3. when the slaughter has been ordered in the case of other diseases than pneumonia, glanders, farcy or hydrophobia and if after slaughter the disease can not be proved with certainty to have existed.

(*c*) The total estimated value is paid : 4. when slaughter has been ordered for any reason and the animal is afterwards proved to have been healthy.

These provisions, in so far as regards horses slaughtered on account of glanders, have been amended by Ministerial Orders No. 61,100 of 1899 and No. 41,900 of 1898. In accordance with these Orders, half the estimated value is also paid in the case of horses which have been found to be infected with glanders on injection of mallein, and assistance is given to indigent horse breeders.

In regard to contagious pneumonia, article II of the Law of 1893 and article X of the Law of 1897 introduced some amendments in the above provisions.

We must also mention the Order of the Hungarian Department of Agriculture, No. 113,000 of 1909, which enjoins the slaughter of cows suffering from tuberculosis of the udder, while it grants the owner full compensation. Finally, we must not leave unmentioned Ministerial Order No. 54,300 of 1908 for the organization of slaughterhouses and the examination of the meat, nor article XVII of the Law of 1900 on the organization of the State veterinary service.

All these laws, the object of which was the reduction of the risks of mortality and disease among cattle, have certainly had a great influence in favour of livestock insurance into Hungary and we may say that there could have been no question of livestock insurance without them.

§ 3. A BILL FOR COMMUNAL LIVESTOCK: INSURANCE: LOCAL CO-OPERATIVE INSURANCE SOCIETIES. FOUNDATION OF THE " MUTUAL, HUNGARIAN SOCIETY. "

The attempts made in 1880 by private societies to do livestock insurance business in Hungary, as we have already said, were not very encouraging for the farmers; so in view of the growing need for it, which had become more urgent with the increase of livestock improvement, the idea that this insurance could only succeed if the State intervened came to be more and more extensively held. From 1890, the Government was urged to make livestock insurance compulsory for all farmers. At last the Minister of Agriculture placed himself at the head of the movement and the Secretary of State, M. E. de Miklos, drafted a bill in 1894. This bill favoured mutual principles and contemplated the foundation of a co-operative insurance society in each commune. But it was rejected, for political reasons.

Before speaking of our organization of livestock insurance, since then established on a firmer basis, we must also mention several local co-operative societies founded since 1890, which, however, cannot quite answer the purpose for which they were founded, for want of a system of inspection and assistance. In most of these local co-operative bodies, the premiums are not paid in advance but immediately on the loss of an animal and in proportion to its value. However, there are some which require a premium of from 1% to 2% to be paid in advance. In case of epidemic disease, in general no compensation is given and when the compensation given exceeds 5% of the value of all the animals, no further claim is granted. Other co-operative societies pay at the end of the year for the losses that have occurred during its course and, if the sufferers are excessively numerous, they only receive a proportional share of their claims. These local societies cannot accumulate suitable reserve funds, nor compensate their members for exceptional losses and consequently cannot do a large business.

It was not till 1898 that livestock insurance on reasonable lines began to be undertaken in Hungary, with the foundation of the " Hungarian Mutual Life Insurance Society. " This co-operative society had at its start a reserve fund of 200,000 crs., increased in 1912 to 500,000 crs., and, after hardly six months' work, it nearly suffered the same fate as the above mentioned societies, but the founders exerted themselves with the utmost zeal and with admirable perseverance and saved it.

In the first years of its work, the society chiefly insured horned cattle, and horses only by way of exception, as in Hungary the improvement of horned cattle is one of the most lucrative sources of revenue for the small farmer. In these first years it made but slow progress. This was the case up to 1902, when it aroused the attention of the Minister of Agriculture who judged fit to insure with it at Government expense the bulls distrib-

uted among the communes. Thanks to this support, the society could extend its action and organize communal livestock insurance co-operative societies and even societies of private farmers. The society has gained ground from year to year, so that it now insures 31,000 head of horned cattle of a value of 15,000,000 crs. The fact that the Agricultural Department insures its throughbred bulls with this society has largely contributed to inspire confidence in it among the farmers; thus not only have the communal authorities begun insuring their breeding stock with it, but some private farmers have done the same.

#### § 4. CONSTITUTION OF COMMUNAL CO-OPERATIVE INSURANCE SOCIETIES.

What gives quite special importance to livestock insurance in Hungary is the considerable reorganization of our horned cattle improvement in the last fifteen years. In fact, the Minister of Agriculture, in the interest of the farmers and at great material sacrifice, has given a new direction to our system of livestock improvement, and, in this way, has appreciably increased the value of our stock of animals. It is true that, if we consider only the figures, in the last ten years the total number of head of livestock in Hungary has only increased by 5%, as it is today hardly more than 6,400,000 and ten years ago it was 6,100,000. But, when we consider that in many regions of Hungary the Hungarian breed has been replaced by spotted Simmental stock; that, in the mountain regions, above all in the North, the Riska and Moldova breeds have had to give way to grey Alpine stock; and that the value of the other breeds, improved by means of breeding stock imported by the State, has considerably increased, we may affirm that in Hungary the total number of head of livestock has not decreased in the last fifteen years, but, on the other hand, its absolute value has increased 50 %.

The Agricultural Department has encouraged the new tendency above all among the small farmers, whose interest in the maintenance and development of the livestock has, consequently, considerably increased in the country. The society mentioned above considered the moment propitious for the union of small farmers in communal co-operative societies, which could protect them against losses, a matter of importance when we reflect that two thirds of the total number of head of livestock in Hungary belong to such small farmers.

In other countries, the communal co-operative livestock insurance societies are not organized by a central society previously existing; there, the communal co-operative societies are first constituted and then a central institution is organized to reduce the expenses occasioned by exceptional disasters. The "Hungarian Mutual Livestock Insurance Society" began in 1903 to organize communal co-operative livestock insurance societies and at the same time to promote private insurance societies. However, it could not follow the examples set by other States, for it was

prevented, first of all by our commercial law, which prescribes that every society engaged in insurance business, whether as a co-operative society or as one limited by shares, must be registered in the register of societies and give proof that it has a guarantee fund of at least 200,000 crs. Now, in Hungary, the small farmers cannot in any commune be expected to contribute such an amount. A second difficulty was that in our country the small farmers are still extensive cultivators and, consequently, are poorly supplied with money during the whole year, for it is only after the harvest and sale of their produce they have funds at their disposal. They could not therefore be induced to accept the principle of unlimited mutual liability usual in the communal co-operative societies in other countries. Finally, a third difficulty was that our small farmers abstained from having recourse to the veterinary surgeon, for want of confidence in him and to save expenses.

To overcome all these difficulties, the "Hungarian Mutual Livestock Insurance Society" organized the communal societies as follows.

The "communal co-operative livestock insurance societies" are founded as "livestock improvement co-operative societies" affiliated to the "Hungarian Mutual Livestock Insurance Society", which is their Central Society, and with its authorization and on its responsibility they insure the livestock of their members. At the same time, the Central Society undertakes the risks of reinsurance. In its turn, asking a premium of  $\frac{1}{2}\%$ , it insures risks of more than  $3\%$ , so that the members' liability is limited to  $3\frac{1}{2}\%$  of the value of their livestock. Thus, whatever disaster befalls the livestock of the commune, the member of the society cannot be made to pay more than  $3\frac{1}{2}\%$  of the value of his livestock.

Further, in order that our small farmers may make use of the services of the veterinary surgeon for their livestock, the premiums cover treatment by the veterinary surgeon, medicines and inoculation. In this way the members are dissuaded from concealing the diseases of their animals. Unfortunately, in some regions of Hungary, certain epidemics, especially anthrax and dry gangrene still rage and every year cause the loss of several hundred thousand crowns. And the small farmer has up to now been deterred from inoculating his livestock on account of the high charges. In view of this, the Society makes inoculation compulsory and the material for the purpose is placed at the disposal of the affiliated societies free of charge. As in this way the cattle are inoculated at one and the same time in all the communes, the cost is reduced to a minimum and what each society has to pay is insignificant. In 1912 more than 90,000 head of horned cattle affected with anthrax and more than 10,000 suffering from dry gangrene could be treated with serum, thanks to the communal co-operative societies. If we consider that these communal societies have up to the present been mostly formed in regions where these diseases appear year after year, if only sporadically, it is evident that by means of compulsory inoculation the society has been able to save many small farmers from ruin.

## § 5. ADMINISTRATIVE AND TECHNICAL ORGANIZATION.

The co-operative societies are organized internally as follows: if twenty farmers of a commune possess at least 100 head of cattle, the Central Society founds a communal co-operative society in legal form. The latter calls a general meeting in which the fundamental rules are laid down in accordance with the model furnished by the Central Society, elects a presidential board and council of supervision, each of them composed of 3 members, as well as a board of management with members varying in number from five to twenty. After the foundation of the co-operative society, the Central Society has it registered in the register of societies at the office of the court, advances the funds for its registration and takes the necessary steps for the taking of a census of the members' cattle and the valuation of the same. Each member receives a pedigree sheet on which he must enter an exact description of his livestock, indicating their value; on the same sheet he must note any changes occurring in the course of the year; any increase or diminution in value, sales, purchases, and in fact any difference in his stock of cattle. In the larger societies, the committee arranges for the taking of the census and the valuation, whilst in the smaller ones this work is entrusted to the board of management. The members are bound to insure all their horned cattle over 3 months old, and to advise the board of management of any changes. For its administrative business the society elects an administrator from among the members of the presidential board or the other members; his remuneration varies with the resources of the society.

The cashier is appointed in the same way. For the veterinary service, the society enters into agreement with the communal or district veterinary surgeon; he engages to inoculate, examine and treat the livestock, and receives a crown a year per animal. The society that has made no such arrangement must remunerate the veterinary surgeon according to the tariff established by Ministerial Order No. 95,000 of 1900 for the carrying into effect of article XVII of the Law of 1900 on the Government veterinary service. The members of the society are bound each to subscribe a share of 4 crs. payable in four instalments of a crown a year; afterwards, they must pay every year 1 % of the assured value of their animals, and 40 crowns per animal for examination and valuation. There are also supplementary charges levied, varying with the amount of compensation for losses in the course of the year, the veterinary surgeon's charges and the working expenses; however, these supplementary charges may never exceed 3 ½ %, including the premium of ½ % paid to the Central Society for reinsurance. Every member of the society must report to the directors without the least delay any case of sickness or emaciation among his cattle. He must then present his insured livestock for the general compulsory inoculation as well as any other cattle he buys or insures in the year. The board of management of the society arranges for the medical treatment of the livestock or makes provision for the sale, taking no responsibility, of the live animal or the retail sale of the meat. The produce of the sale



is placed in the safe and the policy holder receives compensation in cash. The compensation is fixed at 80 % of the assured value. The Central Society makes out pedigrees of the cattle of the members in duplicate, and one copy is kept by the communal co-operative society, and the other by the Central Society; any changes are entered on both. If a loss occurs, the communal society draws up a report after the model supplied by the Central Society, adding to it the decision come to by the Board of Management, and forwards it to the Central Society. The latter makes its decision, which is final, known within three days and, if the co-operative society has not money available, at the same time it forwards the funds necessary for the payment of compensation. On these advances no interest is charged. The Central Society furnishes the affiliated co-operative societies with the necessary printed forms free of charge, keeps their books in accordance with the commercial law, prepares their balance sheets and the statements and demands they have to forward to the court and other authorities, so that the administration of the business of the communal co-operative society, being limited to the keeping of the herdbooks and the cash book, may be managed by any small farmer who can read and write. Several times in the year, the Central Society instructs its officers to inspect the co-operative societies and, by means of public lectures, it diffuses information not merely in regard to livestock insurance but also in regard to other agricultural matters. In addition to this, every year, it awards prizes to the administrators of many societies. And, further, in years when the general economic conditions call for it, and its resources allow of it, the Central Society reduces the amount of the guarantee required as above stated from its members and makes itself responsible for the difference.

#### § 6. STATISTICAL DATA : STATE INTERVENTION.

The movement in favour of the organization of the communal co-operative societies began in 1903, when the Central Society founded the first co-operative society in the commune of Miava, in the county of Myitra, with 40 members. Since that date, this society has not ceased to work and it has at present 340 members. In the following years, the attempts to organize other co-operative societies continued; however, up to 1907, only 10 societies could be formed. But since 1908 their number has gone on increasing as appears in the following table :

Year	Co-operative Communal Societies
1908 . . . . .	19
1909 . . . . .	28
1910 . . . . .	54
1911 . . . . .	141
1912 . . . . .	239
1913 (up to the end of September) . . . . .	276
Total . . .	757

It is expected that at the end of this year the societies will be many more than 900. The above 757 societies have 61,000 members, and 130,000 head of livestock, assured for an amount of 40,000,000 crs. In 1912, they granted 410,000 crs. in claims in respect of 1,890 head of livestock and in 1913, up to the month of October, they had granted 490,000 crs. in claims in respect of 2,140 head.

The communal livestock insurance societies may increase their business by insuring horses and pigs. In view, however, of the large risks in the insurance of these two classes of animals, and the ability required in the administration of such business, which can only be acquired by long experience, the Central Society can only allow the co-operative societies to undertake these risks when they have in the course of several years of business activity learned the technique of livestock insurance, especially in relation to the prevention and diminution of risks, and on condition that the members understand the obligations of the mutual system. There are now already 14 co-operative societies insuring horses and 12 insuring pigs.

The co-operative movement in respect to the organization of communal co-operative livestock insurance societies is energetically seconded by the Royal Hungarian Minister of Agriculture, not only morally but also materially. The moral assistance he has given is above all visible in the fact that he insures in the Central Society the communal bulls distributed by the State; that the ministerial delegates and royal agricultural inspectors make propaganda in favour of communal co-operative livestock insurance; and that he has called upon the Royal Hungarian Veterinary Corps to give active support to this co-operative movement. By way of material assistance, the Agricultural Department grants each co-operative society a subvention corresponding with the cost of its organization or installation and with its fund to meet claims. These State subventions in the last two years amounted to more than 100,000 crowns a year. In addition to this, the co-operative movement is supported by the higher clergy of Hungary, without distinction of religion, and they encourage the priests, and instruct them to give the faithful information in regard to this beneficent institution; and, finally, it is supported by all the public administrative authorities of the country.

#### § 7. LIVESTOCK INSURANCE SOCIETIES LIMITED BY SHARES:

##### CONCLUSION.

To complete the account given above of the development of livestock insurance in Hungary, it seems to us advisable to mention also the three general livestock insurance societies limited by shares working in Hungary. "The Austrian Insurance Society against Losses through Storms etc., Limited by Shares", with headquarters at Vienna, has insured horses, including thoroughbreds, in Hungary since 1909. The "Hungaria", General Insurance Society, Limited by Shares, has insured horses and horned

cattle in Hungary since 1912. It is especially concerned with the insurance of the species (that is to say it does not insure individuals) against epidemics. Finally, the "Minerva", General Insurance Society, Limited by Shares, has insured horned cattle and horses since 1911.

These societies have not published information in regard to the results obtained in the field of livestock insurance. The "Minerva" has made attempts in regard to the organization of the communal co-operative societies and formed five co-operative societies which were, however, soon dissolved.

We have here given an outline of the history of livestock insurance in Hungary. It appears from all we have already said that we are still at the beginning of a movement. Only a very small number of our stock of cattle and, consequently, of our farmers, benefits by insurance; but if the National Livestock Insurance Central Society perseveres in its effort and the Government continues to give as effectual support as it has done up to the present, we hope to be able to realise by means of co-operation alone what several Western States have already realised: the insurance of the whole stock of cattle in the whole country.

## Part III: Credit

### ITALY.

#### WORK OF THE SPECIAL AGRICULTURAL CREDIT INSTITUTES IN 1913.

##### SOURCES :

- BANCO DI NAPOLI : CASSA DI RISPARMIO : CREDITO AGRARIO.** Relazione sull'esercizio 1913 (*Bank of Naples, Savings Bank, Land Credit Department, Report for the Year 1913*). Naples, 1914.
- BANCO DI SICILIA :** Rendiconto del Consiglio d'Amministrazione sul servizio del credito agrario e bilancio consuntivo, esercizio 1913. (*Bank of Sicily : Report of the Board of Management on the Agricultural Credit Service and Balance Sheets for 1913*). Palermo. A. Giannitrapani, 1914.

In this article we intend to give a short account of the work done in 1913 by the special Agricultural Credit Institutes, that is to say, by the Institutes, for the most part regional in character, authorized by special laws for this class of credit work. The most important of these laws are those of July 7th., 1901, authorizing the Savings Bank of the Bank of Naples to do agricultural credit business in the provinces of Southern Italy and the island of Sardinia, and of March 29th., 1906, instituting a department at the Bank of Sicily for the grant of agricultural credit. We may also mention the laws of December 21st., 1902, March 31st., 1904 and June 25th., 1906, respectively for credit in Latium, Basilicata, Calabria etc.

The fundamental principle of this legislation is the distribution of credit to farmers, not directly, but through local institutes, preferably through those of co-operative form (rural and agricultural banks, agricultural consortiums etc.), therefore styled intermediary organizations.

Exception is only made for those communes that have no local institutions or none inspiring confidence or actively working : in these, loans may be granted to the farmers directly.

The agricultural credit institutes, consequently, carry on an active propaganda in favour of the foundation of intermediary organizations and strive to ensure their good working by means of the distribution of model rules, instruction in bookkeeping and inspections. Besides this, in order the better to attain this end, the Department of Agriculture, in accordance with the above laws, every year opens prize competitions among the co-operative societies. The agricultural banks, large numbers of which have been lately founded in the South and in the Islands, of the same legal character and economic form as the rural banks, owe their origin to the special agricultural credit laws above referred to.

§ I. THE SAVINGS BANK OF THE BANK OF NAPLES  
AND THE AGRICULTURAL CREDIT DEPARTMENT AT THE BANK OF SICILY.

The agricultural credit business done by the two Southern Banks appreciably increased in 1913, as is seen from the following figures :

Years	Bank of Naples	Bank of Sicily
1908 . . . . .	frs. 4,823,440	frs. 2,192,298
1909 . . . . .	" 5,390,203	" 4,061,269
1910 . . . . .	" 7,830,401	" 7,119,720
1911 . . . . .	" 9,654,213	" 9,137,972
1912 . . . . .	" 9,353,833	" 12,039,391
1913 . . . . .	" 13,034,341	" 15,628,632

The advance is especially observable in the case of the Bank of Sicily : Sicilian agriculture finds in this large increase of capital no inconsiderable assistance in its economic and technical development, which also stimulates the various forms of agricultural co-operation.

Passing on to a more detailed consideration of the work done by the two Banks in 1913, we find in the first place that the number of the intermediary institutes of the Bank of Naples continues to increase ; and indeed from 1,750 in 1911 they increased to 1,855 in 1912 and 1,963 in 1913 ; however, the number of these considered " good ", which, that is to say, may be depended upon for credit, only increased in the above three years from 868 first to 938 and then to 1,044 ; the increase in 1913 was almost entirely among the agricultural banks ; of the 1,044 good institutes, 133 (amongst them 124 people's banks) also are accredited to the Bank for purposes of ordinary discount business.

The good institutes are divided as follows : agricultural and rural banks, 313 ; Sardinian *monti frumentari*, 288 ; people's banks, 160 ; agricultural consortiums, 126 ; agricultural loan banks, 115 ; savings banks, 16 ; mutual aid societies, 9 ; *monti frumentari*, 8 ; independent provincial agricultural credit banks, 6 ; agricultural credit societies, 3.

But only some of the *good* institutes are entered on the *agricultural register*; at the end of 1913, 633 were so registered for an amount of 22,933,600 frs. (Amongst these 150 people's banks for 7,183,000 frs., 87 agricultural consortiums for 6,676,500 frs. and 199 agricultural and rural banks for 6,083,000 frs.).

The operations conducted by the Bank of Naples in 1913, not including renewals, amounted to 13,034,341 frs., 5,857,385 frs. provided out of its own funds, and 7,176,955 frs. out of the funds of the provincial banks. Altogether its rediscount transactions amounted to 10,347,107 frs.; it made direct loans to the amount of 865,646 frs. and directly discounted bills to the amount of 1,821,588 frs.

The total amount of the business done in the twelve years exceeds 60,000,000 frs., of which about 36,000,000 frs. was done through agricultural consortiums and 12,000,000 frs. through agricultural banks. The total bills and acceptances at the end of 1913 amounted to 7,884,069 frs.

Last year, both for its own business and for that of the provincial banks, the savings bank of the Bank of Naples maintained the rate of interest of 3 ½ % on operations (for rediscounting and direct discounting) with the intermediate institutes and 4 % on loans granted directly to farmers; the intermediate institutes, in their turn, lent at rates varying from 3 ½ to 6 % and for the most part at 5 and 5 ½ %.

According to the object of the loans, the credits in kind granted to the farmers by means of rediscount operations and direct loans were distributed as follows:

#### 1. Loans with Legal Preference.

	Number	frs.
For harvest . . . . .	616	366,771.60
cultivation . . . . .	6,281	2,272,524.39
seeds . . . . .	2,653	1,262,312.73
manure . . . . .	3,230	560,028.44
antieryptogamic material . . . . .	2,424	325,790.19
food for metayers . . . . .	26	5,614.50
various purposes . . . . .	2,115	1,064,846.08
	17,345	5,862,887.93

#### 2. Loans without Preference:

		frs.
For large livestock . . . . .	3,339	1,096,351.98
small livestock . . . . .	492	163,312.60
" machinery . . . . .	479	167,933.48
" farm implements . . . . .	214	26,463.07
" dead stock . . . . .	97	31,051.80
" various purposes . . . . .	38	30,915.80
	4,659	2,516,028.72

3. *Loans with Preference by Agreement :*

		frs.
For large livestock . . . . .	5	10,000

4. *Loans on Deposit of Agricultural Produce.*

		frs.
on cereals . . . . .	310	2,749,235.80
" wine . . . . .	15	70,600.00
" oil . . . . .	1	4,000.00
	326	2,823,855.80

The loans with legal preference represent 52.29 % of the total credit granted to the farmers ; those without preference, 22.43 %, those with preference by agreement 0.09 % ; and those on deposit of agricultural produce, 25.19 %.

Of the loans, 13,409 for 5,421,851 frs. (48.35 %) were granted to proprietors working their own farms ; 299 for 65,633 frs. (0.59 %) to tenants on long lease ; 329 for 158,409 (1.41 %) to metayers or tenants paying rent partly in kind and 8,298 for 55,566,860 frs. (49.65 %) to tenant farmers.

The direct discount given was in 191 cases on 1,382,570 frs. for collective purchases ; in 10 cases on 332,280 frs. for collective sales and in 33 cases on 106,738 frs. to make up the capital of the intermediary organizations ; almost all on the proposal of agricultural consortiums and land banks.

The total credit granted out of the funds of the Savings Bank of the Bank of Naples and the Provincial Banks was distributed as follows among the various provinces :

Provinces	Amount frs.
Foggia . . . . .	4,808,790.68
Aquila . . . . .	1,676,977.78
Bari . . . . .	1,152,495.11
Sassari . . . . .	1,000,123.78
Caserta . . . . .	866,144.85
Lecce . . . . .	655,240.99
Teramo . . . . .	558,772.92
Reggio . . . . .	431,960.00
Catanzaro . . . . .	302,090.00
Salerno . . . . .	283,871.07
Potenza . . . . .	261,738.43
Cagliari . . . . .	258,006.05
Campobasso . . . . .	246,751.34
Naples . . . . .	196,706.26
Chieti . . . . .	108,335.51
Benevento . . . . .	106,896.50
Cosenza . . . . .	70,745.00
Avellino . . . . .	48,694.35
Total . . . . .	13,034,340.62

The intermediate organizations accredited to the *Bank of Sicily* increased in number in 1913 from 275 to 323 (1). This large increase is due to the active propaganda of the Institute ; the large majority (255) are societies of collective title ; 303 institutes have the form of co-operative societies and of these 130 are agricultural co-operative societies for production and labour. The entries in the agricultural register increased in 1913 from 14,882,000 frs. on December 31st., 1912 to 17,880,218 frs. on December 31st., of the ensuing year.

The work of the Bank shows a new and magnificent advance : 48,712 operations were conducted for the amount of 15,628,632 frs ; with the increase of the intermediate organizations, the amount of the operations conducted with private individuals, once so important, has been reduced to an inconsiderable minimum (51 operations, for 8.475 frs.) ; those, conducted with intermediate institutes were 48,661 for an amount of 15,620,157 (rediscount operations to the amount of 13,374,781 and direct discount operations to that of 2,245,376 frs.).

The direct and indirect loans may be classified as follows in relation to their object :

	Operations — Number	Amount — frs.
I. for seeds, manure, anticryptogamic substances, cultivation and harvesting	46,123	12,127,996
II. for livestock . . . . .	2,175	1,212,305
" machinery . . . . .	37	37,750
" farm implements . . . . .	1	3,000
" dead stock . . . . .	5	1,625
III. for direct discount to the intermediate organizations, for distribution to members.	144	720,871
for collective purchases . . . . .	130	783,161
" payment of charges . . . . .	71	582,280
" advances on produce . . . . .	26	159,063

As regards the condition of the borrowers, the operation may be divided as follows :

	Operations —	Amount — frs.
land holders . . . . .	20,499	6,205,593
tenants on long lease . . . . .	1,123	328,293
metayers . . . . .	1,876	433,796
tenant farmers . . . . .	24,843	6,415,571

(1) The number of the members of the intermediate organizations of the Bank of Sicily on December 31st., 1913 was 50,178 ; the capital of the members with unlimited liability was 223,145,817 frs. and the capital of the institutes themselves, 3,707,158 frs.



The various provinces shared as follows in the total amount of credit granted in 1913 :

Province	Amount — frs.
Caltanissetta . . . . .	3,074,153.45
Palermo . . . . .	2,800,822.71
Trapani . . . . .	2,776,627.12
Girgenti . . . . .	2,206,509.95
Caltagirone . . . . .	1,752,162.91
Syracuse . . . . .	1,592,745.07
Catania . . . . .	956,710.54
Messina . . . . .	368,800.96
Total . . . . .	15,628,631.71

The interest charged on loans by the Agricultural Credit Department of the Bank of Sicily in 1913 was 4 % ; that demanded from their members by the intermediary organizations was generally 6 %.

## § 2. OTHER SPECIAL AGRICULTURAL CREDIT INSTITUTES.

The figures for the operations conducted in 1913 by the other special agricultural credit institutes working in Italy are shown in the following table (1). In order to make it more complete, we have included also those given above for the Banks of Naples and Sicily.

In 1913, therefore, the special agricultural credit institutes lent the Italian farmers about 40,000,000 frs., 9,000,000 frs. more than in 1912.

(1) See Riccardo Bachi's Annual "L'Italia Economica".

*Agricultural Credit Granted in 1913, in accordance with the Italian Regional Laws.*

Balance at End of 1912	Name of Institute	Loans to Intermediate Institutes	Loans Made Directly to Farmers	Total	Balance of Loans at End of 1913
3,666,482.88	(out of its own Funds	5,342,185.48	515,200.00	5,857,385.48	4,026,380.32
3,009,476.41	Bank of Naples	6,826,509.39	350,445.75	7,176,955.14	3,859,378.95
4,593,195.34	(out of the Funds of the Provincial Banks	10,300,084.54	1,000.00	10,301,084.54	6,729,837.58
3,604,402.53	Bank of Sicily	5,320,072.17	7,475.00	5,327,547.17	3,913,561.45
2,508,666.94	(out of the Funds of the Provincial Banks	4,942,122.96	633,342.15	5,575,465.11	2,237,723.47
375,872.50	Agricultural Credit Institute for Latium	13,000.00	255,955.00	268,955.00	348,827.50
495,333.43	Vittorio Emanuele III Agric. Credit Institute - Catanzaro	10,000.00	302,233.00	312,233.00	580,379.52
461,610.00	Vittorio Emanuele III Agric. Credit Institute - Cosenza	53,000.10	313,205.00	366,205.10	548,305.00
1,115,781.06	Vittorio Em III Agric. Credit Institute - Reggio Calabria	1,889,483.34	177,531.00	2,067,014.34	2,060,892.65
2,099,214.98	Cagliari <i>Adempribile</i> Bank	512,002.63	880,708.50	1,392,711.13	2,189,062.80
1,316,697.69	Sassari <i>Adempribile</i> Bank	678,529.77	272,874.89	951,404.66	1,493,563.85
	Agricultural Credit Provincial Bank for Basilicata				
23,146,733.76	Total	35,886,990.28	3,909,990.29	39,796,980.67	27,987,877.09
		Total for the year 1912		30,417,180.71	
		Difference in favour of 1913		9,379,799.96	

## UNION OF SOUTH AFRICA.

### THE LAND AND AGRICULTURAL BANK OF SOUTH AFRICA.

#### OFFICIAL SOURCES:

REPORT FOR THE SIX MONTHS ENDING SEPTEMBER 30TH, 1912, OF THE TRANSVAAL LAND AND AGRICULTURAL BANK, AND THE LAND AND AGRICULTURAL LOAN FUNDS OF NATAL AND THE ORANGE FREE STATE. Government Printers: Cape Town, 1913.

REPORT FOR THE PERIOD 1ST OCTOBER 1912, TO 31ST DECEMBER, 1912, OF THE LAND AND AGRICULTURAL BANK OF SOUTH AFRICA. Government Printers: Cape Town, 1913.

#### § I. THE CONSTITUTION AND OBJECTS OF THE BANK.

The Land and Agricultural Bank of South Africa, established by an Act of the Union Parliament (No. 18 of 1912), came into existence on October 1st, 1912, on which date it took over the assets and liabilities of the Transvaal Land Bank and the Agricultural Loan Funds of the Orange Free State and Natal.

The new Bank is controlled by a Central Board consisting of five members appointed by the Governor-General, one member being nominated General Manager and being also *ex officio* Chairman of the Board. The Central Board deals directly with the business of the Transvaal Area and has its office in Pretoria where the headquarters of the Bank are situated. Owing to the large area comprised in the Union and to the diversity of the conditions under which farming is carried on in different districts it was deemed advisable to establish Local Boards in Cape Town, Port Elizabeth, Bloemfontein and Pietermaritzburg to deal with business in the Cape Western Area, the Cape Eastern Area, the Free State Area, and the Natal Area, respectively.

By the provisions of the Act the Magistrates of the Union are constituted the Agents of the Bank, and the Board is largely dependent upon them for information as to the character of each applicant for a loan and the value

of the security offered. The Magistrates certify all ordinary applications and assist in making known to the farmers the various kinds of advances which the Bank is authorised to make.

Each application must be accompanied by a valuation of the property offered as security, made by a valuer appointed by the Central Board. The cost of making the valuation is regulated by a scale of charges established by the Board and approved by Government, and falls upon the applicant.

The Land Bank took over the majority of the officers on the staffs of the Provincial Banks which, from October 1st, 1912, have been merged with it.

The main object of the Bank, as stated in the Report, is "to assist the farming population by providing *bona fide* and deserving applicants with funds at a cheap rate, repayable in instalments over an extended period." Its capital consists of the funds taken over from the Provincial Banks and of any amounts which may be recovered on advances already made by Government, together with such sums as may from time to time be voted by Parliament.

The minimum amount which may be lent to any one farmer is £50 and the maximum amount, ordinarily, £2,000. Only in exceptional cases, where agricultural improvements on a large scale have been undertaken with the approval of the Governor-General, may the Bank make advances up to £5,000. The security for loans is normally a first mortgage on land or farm buildings, but where the property has been purchased from Government and the balance of the purchase price is secured by a bond bearing no interest, the Board may accept a second mortgage. Advances may be made up to 60 per cent. of the value of the security offered.

Ordinary advances, to which alone reference has been made so far, are made for a period of thirty years. During the first 5 years interest is paid at the rate of 5 per cent., and the borrower has the privilege of reducing the amount of the loan by repayments of £5 or any multiple of such sum at any date upon which interest is due. At the end of five years the principal sum outstanding becomes repayable in twenty-five years in half-yearly instalments.

In addition to the loans referred to above the Land Bank is authorised :

(1) To lend upon (a) Crown lands, the purchase price whereof is partly paid, and (b) Land held under lease from the Crown where the unexpired period of the lease is not less than ten years ;

(2) To grant cash credits to farmers for short periods for an amount not exceeding £1,000;

(3) To make advances to approved Co-operative Societies ;

(4) To make advances for the erection of dividing fences and for the construction of dipping tanks in accordance with the provisions of Act 17 of 1912 and Act 20 of 1911, respectively.

The advances made upon Crown lands may not exceed 50 per cent. of the amount of the purchase price already paid, plus a like percentage of the value of improvements effected by the purchaser, nor in the case of

land leased from the Crown, 50 per cent. of the value of the unexpired portion of the lease. In neither case may the period for which the advance is made exceed five years.

Advances made to co-operative societies are guaranteed by the joint and several liability of all the members, while an additional security exists in the Bank's power to inspect the books of the society for the purpose of ascertaining whether the funds advanced are being carefully and economically expended for the proper purposes.

Under the Fencing Act, No. 17 of 1911, any lessee of Crown land may apply directly to the Bank for an advance for the purpose of erecting a boundary fence, and, in districts where disease is prevalent among stock, settlers may obtain loans for the construction of dipping tanks. Comparatively few of the latter loans have been made, but a very large number of loans made under the provisions of various Fencing Acts have been taken over from the Provincial Banks.

Government has undertaken to refund to the Land Bank any loss which it may incur in connection with advances to Crown lessees under the Fencing and Dipping Tank Acts, provided that the conditions imposed by the Department of Finance have been observed by the Bank.

## § 2. THE WORK OF THE BANK DURING THE PERIOD OCTOBER 1ST., 1912 TO DECEMBER 31ST., 1912.

The number of applications for ordinary advances approved by the Central Board from its establishment up to December 31, 1912, was 547, of which 293 were from the Transvaal and 167 from the Orange Free State. The preponderance of these two Provinces in the Bank's transactions is explained partly by the fact that the prevailing rates of interest are lower in the other Provinces, and consequently the farmers have less need of the facilities offered by the Land Bank, and partly by the fact that the Bank and its objects are better known to the farmers in the Transvaal and the Orange Free State. The Central Board are of opinion that in the Cape Province especially the growth of the Land Bank is likely to be slow.

The Tables which follow show the details as to the ordinary advances dealt with by the Board in the period under review.

TABLE I. — *Applications for Advances Under Act 18 of 1912.*

Area	Applications Considered by Central Board		Applications Approved by Central Board		Applications Refused by Central Board		Applications Deferred by Central Board	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		£		£		£		£
Transvaal . . . . .	313	158,897	293	111,325	16	4,510	4	1,950
Orange Free State . .	188	197,606	167	148,495	15	15,150	6	4,325
Natal . . . . .	44	40,047	32	26,480	7	2,497	5	3,850
Cape (Eastern) . . .	40	51,110	38	43,450	—	—	2	1,000
Cape (Western), . .	19	22,740	17	18,470	2	2,110	—	—
Total . . . . .	604	470,400	547	348,220	40	24,357	17	11,125

TABLE II. — *Advances Under Act 18 of 1912.*

Advances paid out during the period Oct. 1st to Dec. 31st, 1912					
Area	Number	Total Amount	Average Amount	Value of Security	
				Farm Property	Urban Property (Collateral Security)
		£	£	£	£
Transvaal . . . . .	249	79,825	320	196,157	—
Orange Free State . .	24	14,785	616	38,449	—
Natal . . . . .	13	10,550	811	28,115	—
Cape (Eastern) . . .	—	—	—	—	—
Cape (Western) . . .	1	1,680	1,680	2,800	—
Total . . . . .	287	106,840	372	265,521	—

TABLE III. — *Analysis of Advances Made Under Act 18 of 1912.*

Amount of Advance	Transvaal Area		Orange Free State Area		Natal Area		Cape (Western) Area		Total for whole of Union	
	Number	Total amount	Number	Total amount	Number	Total amount	Number	Total amount	Number	Total amount
		£		£		£		£		£
Over £1,500 . . . . .	4	8,900	—	—	1	2,000	1	1,680	6	12,580
Over £1,000 (not exceeding £1,500) . . . . .	7	9,100	3	3,700	1	1,500	—	—	11	14,300
Over £500 (not exceeding £1,000) . . . . .	26	20,430	10	8,250	7	5,800	—	—	43	34,480
Over £250 (not exceeding £500) . . . . .	58	21,350	5	1,735	2	900	—	—	65	23,986
Over £100 (not exceeding £250) . . . . .	84	14,625	5	1,000	1	250	—	—	90	15,875
Under £100 . . . . .	70	5,420	1	100	1	100	—	1,680	72	5,620
Total . . . . .	249	70,825	24	14,785	13	10,500	1	1,680	287	106,840

TABLE IV. — *Purposes for Which Advances Were Made.*

Area	Improvements	Purchase of Stock	Discharge of Existing Liabilities	Subdivision of Land	Purchase of Land	Total
	£	£	£	£	£	£
Transvaal . . . . .	15,544	9,085	35,544	172	19,180	79,825
Orange Free State . . . . .	1,100	837	9,458	—	3,300	14,785
Natal . . . . .	3,390	4,700	2,460	—	—	10,550
Cape (Eastern) . . . . .	—	—	—	—	—	—
Cape (Western) . . . . .	—	—	1,680	—	—	1,680
Total . . . . .	20,124	14,622	49,142	172	22,780	106,840

In addition to the ordinary advances to which these Tables refer, the Board granted 26 applications for Loans for Fencing to a total amount of £762, and 31 applications for Dipping Tank Loans to the amount of £2,295. No advances were made to Co-operative Societies during the three months under review, but the Bank received repayments amounting to £3,600 in respect of advances made to Societies by the Transvaal Land Bank.

On December 31st, 1912, the Bank had a reserve fund of £88,160 constituted as follows:

	£	s	d.
Reserve Fund of the Transvaal Land Bank . .	68,064	7	11
Reserve Fund of the Land and Agricultural Loan			
Fund of the Orange Free State . . . . .	4,815	8	9
Reserve Fund of the Land and Agricultural Loan			
Fund of Natal . . . . .	6,606	17	11
Net Profit during the period under review . . .	8,674	0	4
	88,160	14	11

The financial position of the Land Bank at the close of the year 1912 is shown in the following Tables which reproduce the accounts as published in the first annual Report.

TABLE V. — *Profit and Loss Account.*

Dr.	£	s.	d.	Cr.	£	s.	d.
Interest Paid . . . . .	25,533	3	2	Valuation Fees . . . . .	324	10	0
Charges . . . . .	6,199	11	8	Application Fees . . . . .	19	10	0
Balance (Profit) . . . . .	8,674	0	4	Bond Fees . . . . .	590	16	0
				Interest Received . . . . .	18,572	10	1
				Interest Accrued . . . . .	20,860	0	1
	£40,406	15	2		£40,406	15	2

TABLE VI. — *Receipts and Payments, Oct. 1st to Dec. 31st, 1912.*

Receipts.	£	s.	d.	Payments.	£	s.	d.
Balance . . . . .	18,095	0	7	Advances on Mortgages . . . . .	106,840	0	0
Repayments:				Advances—Dipping Tank . . . . .	439	0	0
Mortgages . . . . .	70,677	10	9	Advances—Fencing . . . . .	4,891	11	10
Promissory Notes . . . . .	3,368	8	0	Application Fees . . . . .	68	0	0
Fencing Loans . . . . .	6,548	2	0	Interest Paid . . . . .	25,040	12	6
Co-operative Societies . . . . .	3,600	0	0	Furniture and Fittings . . . . .	740	14	7
Interest Received . . . . .	34,522	16	9	Charges (Salaries etc.) . . . . .	6,199	11	8
Fees . . . . .	1,992	10	6	Sundries . . . . .	7,985	7	3
Sundries . . . . .	12,917	14	3	Cash at Bankers . . . . .	4,895	5	8
	£ 157,691	3	6		£ 157,691	3	0



TABLE VII — *Liabilities and Assets as at 31st December, 1912.*

Liabilities.			Assets.		
	£	s. d.		£	s. d.
Department of Finance (Capital) . . . . .	2,735,000	0 0	Advances on Mortgage . . . . .	2,313,777	9 1
Reserve Fund . . . . .	88,160	14 11	Advances for Fencing . . . . .	171,461	13 11
Agricultural Department . . . . .	105	3 11	Advances for Dipping Tanks . . . . .	430	0 0
Sundry Creditors . . . . .	0,930	5 6	Advances on Promissory Notes . . . . .	102,591	15 1
Past Due Interest . . . . .	13,574	17 0	Advances to Co-operative Societies . . . . .	234,177	7 3
Past Due Instalments . . . . .	1,363	12 5	Agricultural Department . . . . .	130	17 3
Warrant Vouchers Payable . . . . .	5,664	14 3	National Bank (Deposit and Current Account) . . . . .	12,018	0 10
Interest Received . . . . .	15,950	6 8	Standard Bank (Current Account) . . . . .	1,569	13 7
Deposit Account . . . . .	153	6 7	Natal Bank (Current Ac- count) . . . . .	1,297	11 3
Recoveries . . . . .	1,604	2 11	Interest Accrued . . . . .	20,800	9 1
Valuators' Fees and Ex- penses . . . . .	1,217	10 0	Interest Paid . . . . .	107	9 4
Valuation Fees . . . . .	186	10 0	Stamp Account . . . . .	21	10 3
Application Fees . . . . .	464	5 0	Furniture etc. . . . .	740	14 7
Stamp Account . . . . .	1	16 0	Sundry Debtors . . . . .	10,177	15 8
			Defalcations . . . . .	714	12 0
	£ 2,870,377	5 2		£ 2,870,377	5 2

Since the close of the period under review there has been a great expansion of the work of the Land Bank, and some dissatisfaction with its methods, particularly in connection with the transactions between the Bank and Co-operative Societies, has already been manifested.

Upon certain conditions the Bank may guarantee the contracts entered into by Co-operative Societies and must first be satisfied with respect to any Society that all accounts, documents, papers and books are in order; and further, as has already been noted, the Bank has power, to inspect the books of a Society in order to ascertain whether funds advanced by it are being economically and properly expended.

The Bank has interpreted these powers as giving it authority to dictate to the Societies upon matters which, it is claimed, are purely internal and

beyond its competence. Specifically, it wishes to impose upon all Societies the obligation to discontinue all credit transactions with their members under penalty of having the funds advanced by it called in. The Societies defend such credit transactions as being perfectly legitimate, and necessary, under the conditions which subsist in South African agriculture.

There has also been some criticism of various limitations which are placed upon the Bank's activity, and certain proposals for amendment have already been referred to in this *Bulletin* (1). In subsequent articles we hope to deal more fully with the work of the Bank in relation to the whole question of land settlement in South Africa.

(1) See *Bulletin of Economic and Social Intelligence*, July, 1914.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

### GERMANY.

NUSSBAUM (Dr. ARTHUR): DEUTSCHES HYPOTHEKENWESEN (*German Mortgage System*).  
Tübingen, 1913. J. C. B. Mohr. (Paul Siebek). XV + 365 pages.

The author begins by observing that a mere acquaintance with formal law is not enough for a complete and accurate understanding of the actual legal conditions of a country, but must be completed by a profound knowledge of the economic and other conditions on which the law is based and to which it must be applied. In his book he gives a systematic summary of all the elements that have contributed to the formation of the present system of mortgage law in Germany. So he does not merely reproduce the laws in force. He also considers the legal forces that have freely arisen in practice and the institutions which actually prevail in the field of law studied. In addition, he takes into consideration the administrative principles and practice. And in regard to the legal provisions, he considers not merely their substance but also their objects, the forms in which they are applied and the effects produced.

The book consists of four parts. In the first we are shown the legal basis of mortgage law. In this part, 183 pages illustrate clearly the general features of the law on the cadastre, of mortgage law in the proper sense of the term and the most important principles of compulsory execution and the procedure in connection therewith. The second part, pages 184-216, deals with the economic fact of indebtedness, that is the situation and fluctuations of mortgage indebtedness, its causes, the peculiar characters of first and second mortgages, the rate of interest on mortgages and the provision of funds for mortgages. The third part is dedicated to the land credit institutes, the various types of which are described at length: *Landschaften*, Mortgage Banks, Regional Credit Banks etc. Finally, in the fourth part (pages 270-326), the principal problems of the mortgage system are dealt with. Special mention must be made of the second chapter in which a short account is given of the problems of rural land credit. The book ends with an historical appendix in which the development of the mortgage system is treated. An alphabetical index facilitates the use of the book.

The volume is in the first place a manual intended as a supplement for the use of law students. But it may also be an acceptable guide for all who desire to obtain a thorough knowledge of the German mortgage system rapidly.

## GREAT BRITAIN AND IRELAND.

DEPARTMENTAL COMMITTEE ON AGRICULTURAL CREDIT IN IRELAND. MINUTES OF EVIDENCE, APPENDICES AND INDEX. Department of Agriculture and Technical Instruction for Ireland. Dublin, 1914: A. Thom and Co. Fol. XIV + 671 pp.

We have already noted the Report of this Committee, which conducted an exhaustive inquiry into the sources of agricultural credit in Ireland. The Minutes of Evidence have now been separately published, together with a carefully compiled subject-index which greatly facilitates reference. The volume also contains a number of valuable appendices, including some tables, specially prepared for the Committee, showing for each county in Ireland the charges placed on registered land and the release of charges on registered land during the months of April, May and June, 1912; the charges on lands in each county in Ireland registered in the Registry of Deeds during the same period and the charges on land in certain counties of Ireland registered in 1910 and 1911. These tables are of special importance owing to the fact that no system exists in Ireland whereby the additions to and releases of the mortgage-debt can be readily ascertained.

## ITALY.

VIALI (Prof. LEOPOLDO): LE CASSE DI RISPARMIO (*Savings Banks*). Biblioteca di Ragioneria e d'Amministrazione. Casa Editrice Dott. Francesco Vallardi, Milan, 1914.

The rich "Biblioteca di Ragioneria e d'Amministrazione" (*Book-Keeping and Administration Library*), published by F. Vallardi, has been enriched by the addition of the above technical manual for the ordinary savings banks.

After some remarks on the origin and development of the Savings Banks, the author studies the organic structure and the various administrative functions of these deserving institutions and gives practical and legal information. The publication is especially useful for those who require to be acquainted with the technique of these banks.



## Part IV: Miscellaneous

### AUSTRIA.

#### CONTEMPORARY AGRICULTURAL POLICY IN AUSTRIA.

##### INTRODUCTION.

The reform rapidly carried out in Austria, after a perfectly satisfactory manner, towards the middle of the nineteenth century, relieving landed estate from mortgages, in its turn led to a new series of land problems which had to be dealt with in new laws. Unfortunately, all these problems were not solved consecutively, and on uniform principles, but by fits and starts and tentatively.

The relief from forestry and pasturage servitudes and the regulation of of such servitudes (*Servitutendenpatent* of 1853) which were consequences of the land relief reform, presented but an incomplete solution of the complex problem. It was felt to be especially urgently necessary to get rid of other inconveniences which had grown insupportable, in connection with land transfer after the obligation of cultivating it in special ways (*Flurzwang*) (1) was abolished, and the need was particularly felt for suitable measures to prevent landed property suffering from the soil being badly distributed and the lots too scattered, as well as for provisions rendering possible the subdivision of a considerable unproductive area belonging to communities (*Gemeinschaftsgründe*) (2). These measures, designed in the sense of a relief to be

(1) *Flurzwang* : The commune, that it is to say the whole group of peasants, by a majority of votes decided the class of cultivation all farmers were bound to undertake, as well as the periods within which the various operations (ploughing, reaping etc.) had to be accomplished, and the dates for closing and opening the common meadows for grazing.

(2) A short study on " Restripping of Land in Austria ", in our *Bulletin* (Year III, No. 4, April, 1912) begins as follows : " The change from the feudal régime to the present one of economic liberty was not effected without deep traces remaining of the former state of things, traces still subsisting to-day, with considerable influence upon rural economy. They are still to be found in forestry and pasturage servitudes, in collective agricultural holdings and in the irregularity of the arrangement and geometrical form of holdings " (Page 205).

granted once for all and definitely, were approved, after some hesitation, under the general name of "land operations" (clearance of forests and readjustment and redistribution of communal land), in general laws of the Empire and, in certain special cases, in provincial legislative provisions, between the middle of the period 1880-1889 and the first years of the decade 1890-1899.

At the same time, the question of the right of utilisation and management of land belonging to collective bodies and not yet subdivided, but still under collective control, was regulated. For the execution of all these various operations, special executive bodies (*Agrarbehörden*) were instituted, well suited for the work of distribution of land, but not equally so for the regulation of the rights of those concerned.

This is why the supervision of the work of the land administrative bodies in regard to the regulation of rights was entrusted to institutions having political authority. But it was not long before such a situation was found to be intolerable, and, as it was also necessary to extend the application of the above land laws to other parts of the Empire and to improve the legislative provisions themselves, at the beginning of the twentieth century, on the initiative of the Minister of Agriculture, an agricultural reform was undertaken, by means of which the new laws were applied generally over almost the whole Austrian territory and the necessary amendments were made in the provincial legislative provisions; for this purpose it was in the first place necessary to provide for a permanent organisation of the land executive institutions.

The land executive institutions being thus given a uniform organization with this new development of land legislation, the solution of the other problems became easier. It was necessary in fact to regulate and safeguard the right of pasturage in the forests belonging to third parties and to form a sufficient number of grazing grounds in the Alps for the revival of the improvement of native livestock and the increase of the livestock in the inland provinces. Together with this work for the improvement of mountain economy and the organization of the administration of farms belonging to collective bodies, there soon made itself evident in the various regions concerned a strong current in favour of special protection for the mountain pastures; to this was due the promulgation in 1907 of a series of special laws for all the mountain regions for the protection and encouragement of mountain economy. Finally, the improvement of the grazing grounds in the valleys, completing the work of general improvement of mountain economy, led to similar action in behalf of land used for grazing in the high plateaux, and the promulgation of the most recent provincial provisions in relation to mountain pastures (*Hutweiden*).

Thus, all the above "land laws", although not absolutely uniform and organic, nevertheless were developed systematically. Therefore, not only are there many links between them but their mutual and intimate connection is seen even in their practical application, as a result of which it has been necessary to ensure the uniformity of the executive institutions.

The first chapter of our study will be devoted to the Austrian legislation for the protection of the mountain regions and for the favouring the development of mountain economy, and to the progress made by the latter. The second chapter will contain an account of the Austrian laws on the new means for regulating the administration of mountain pastures and guaranteeing the servitudes over forests or grazing land. In the third chapter we shall deal with the land operations effected in accordance with the existing Austrian laws, especially those relating to readjustment of farms.

We have availed ourselves for the purposes of this study of the official data placed at our disposal by the I. R. Department of Agriculture at Vienna, as well as of the documents and communications kindly supplied to us by Dr. H. Leithe, Government Councillor at the Department of Agriculture in Vienna.

## CHAPTER I.

### *AUSTRIAN LEGISLATION FOR THE PROTECTION OF GRAZING GROUNDS AND MOUNTAIN PASTURES AND FOR THE ENCOURAGEMENT OF MOUNTAIN ECONOMY. RESULTS OBTAINED.*

#### SUMMARY.

The importance of the mountain regions for the national Austrian economy appears from the following statistics of landed property. The high mountain regions of Austria have an area of 1,432,000 ha. (more than 1,341,000 ha. in the Alps and more than 90,000 ha. in the Sudetic and Carpathian Mountains), exceeding considerably even that of the similar regions in Switzerland (1,108,000 ha.). These regions are specially large in Tyrol (685,415 ha.), Salzburg (207,403 ha.), Carinthia (176,790 ha.), Styria (139,004 ha.) and Vorarlberg (90,518 ha.).

The proportion of the high mountain regions to the total area of the various provinces is as follows: Vorarlberg about 35 % (more than one third), Salzburg 29 %, Tyrol more than 25 ½ % (more than a quarter), Carinthia more than 17 %, and Styria more than 6 %. Comparatively smaller are the high mountain areas of Galicia (33,185 ha.), Silesia (32,059 ha.), Bukowina (25,030 ha.), Carniola (13,642 ha.), Goritz-Gradisca (13,015 ha.) and, finally, Lower Austria (7,413 ha.) and Upper Austria (7,277 ha.).

#### § 1. LAWS FOR THE PROTECTION OF HIGH MOUNTAIN GRAZING GROUNDS AND FOR THE IMPROVEMENT OF MOUNTAIN ECONOMY.

The Austrian laws for the protection of the grazing grounds in the high mountain regions and for the improvement of mountain economy originated in two different provinces, each of which may claim the merit



of contributing, in some way, to the initiation of this legislation. In Carinthia, from the beginning, attempt was made to encourage mountain economy by such legislation. Thus, in that region, the law had an absolutely concrete aim; in Salzburg insistence was laid on the protection of the mountain pastures. In order to appreciate the reasons for these two different tendencies we must examine the beginnings of mountain economy in each of these two regions.

As has been said, in Carinthia, at first attempt was made to relieve the forests, especially the crown forests, from excessive grazing servitudes: damage was especially caused by grazing in those altitudes where the forests afford considerable protection to the valley farms. To preserve and reconstitute these natural defences, which cannot be replaced, it has been attempted as far as possible to restrict grazing in the forests, making up for the decrease of grazing ground by the improvement of the pasture lands in the region beyond the natural limit of the forests. Intimately connected with this is the question of servitudes and the remedy proposed had its affinities with the French system of reforestation. The initiators and pioneers of the improvement of mountain grazing grounds were here, as there, the forestry agents and the institutions for the regulation of water-courses (*Wildbachverbauung*). We must not lose sight of this fact in the disputes that sometimes take place in connection with *mountain grazing grounds* and *forests*, nor of the fact that such questions could only be permanently settled at the impartial bar of national economy and we know that what is of most importance from this point of view is the permanent yield. It suffices to make meadows; the less productive forest grazing grounds will disappear of themselves. Improvements in this field had first to provide the most necessary protection for the high regions most menaced, and then to contribute to the proper development of the grazing grounds in the valleys.

These were the ideas by which the Carinthian authorities were inspired, and in this way for the first time in Austria systematic improvement of the mountain regions was undertaken and carried out in accordance with plans elaborated in their technical details and under the direction of the competent authorities.

As in 1901 the Department of Agriculture had granted 9,000 crs. as a contribution from the State in favour of mountain economy, and the Carinthian Diet had at the same time assigned 5,000 crs. for the same purpose, a Pasture Board (*Alpenrat*) was instituted to examine the applications for subsidies and to arrange for the distribution of the grants made by the State and the Diet; the rules of this Board were approved on October 10th., 1902. In virtue of these precautionary measures, the provincial authorities in 1900 published a notice inviting the landed proprietors of the mountain regions to apply for subsidies. The improvements in the mountain regions "had first to be carried out in the communal mountain districts already under a special administration"; the landholders concerned had to pay 25 % of the total expense, part of which they might pay in kind. The notice went on to say "that, of course, before the improve-

ments can be carried out the applicant must make formal declaration that he undertakes to provide for the maintenance made."

The execution of the works was entrusted to the institutions for the regulation of the water courses (*Wildbachverbauung*), which performed their task with zeal and ability. However, soon discord and misunderstandings arose, because the improvements carried out by this special institution were purely technical in character, that is to say they could only be considered as isolated improvements not forming part of an entire programme for the regulation of mountain economy. In short, it was precisely the reverse of what the Agricultural Department had in view, when, in granting the first subvention, it insisted chiefly on the improvement of mountain economy in the sense that the work of regulation to be carried out must consist in "land operations", whilst the plans of improvement and their technical execution (as "collective operations") could be carried out by the agricultural authorities and come within the general scheme of the regulation of mountain economy. It was only as auxiliaries the institutions for the regulation of water courses could be called in to give assistance: in cases when, by way of exception, subventions were granted for mountain improvements not included in the general plan of regulation (especially on private property) and (in case of works of regulation) for such as came within the special province of the institutions, namely the regulation of water courses (*Runsenverbauung*). But the institutions for the regulation of water courses were not to be free to carry out these works at their discretion: but rather had to act as auxiliaries of the land authorities who were to retain control over all the works of improvement and regulation taken as a whole. Now, as has already been noted, this principle, which, not only from an economic point of view, but also from that of the law on regulation, was the only one that seemed reasonable, was in practice set aside from the first. Thus, the Agricultural Department found it had again in 1903 explicitly to express its view of the question, namely that problems of a technical character must be solved with strict attention to the general economic interest and consequently the direction of the improvements in the mountain regions must, as a general rule, be left to the land administrative institutions.

Soon afterwards, an inspector of mountain grazing grounds was appointed to assist the above institutions, and he, by virtue of his office, had the supervision of the mountain grazing grounds and the duty of providing for the good administration of mountain economy; he had to advise the supervising institutions of any damage detected and make proposals for repairing it. It has already been said that the duties of supervising the mountain grazing grounds regulated, belonging to communities, and of seeing that the schemes for regulation were carried out and the rules obeyed were transferred from the political to the land authorities, and in this way the necessary concentration of all essential business in one and the same institution was arrived at.

The union of the work of improvement with that of regulation and the institution of a system of supervision conducted by competent men already offered a certain guarantee for the maintenance and the more or less perman-

ent usefulness of the works carried out. In view of the eventual necessity of having to compel the owners of mountain grazing grounds to keep their engagements with regard to the maintenance of the improvements effected, it only remained to promulgate legislative provisions in this sense regarding all the improvements. This was done by means of an amendment to the above land law.

The positive elements by means of which Carinthia contributed to the special legislation on mountain grazing grounds may be summarised as follows: improvement of mountain grazing grounds and at the same time the regulation of their economy; union of all the agents concerned under the unifying authority of an executive supervising institution. But before these factors had brought about the promulgation of a general law for the Alps the Carinthian legislation was left behind by that of Salzburg.

In Salzburg at first special tendencies prevailed which led to legislative provisions for the protection of mountain grazing grounds. There is a certain resemblance between these and the laws for the same purpose in other lands, especially in Switzerland, but only in so far as both have for their object the preservation of this principal branch of mountain economy and its protection. But in Switzerland this protection is limited to preventing the material destruction of the utilisable soil, whether by the elements or by man (neglect, unintelligent cultivation etc.), whilst the efforts made in Salzburg for the protection of the mountain pastures are directed against a social peril, which, by its very nature, does not affect the soil but rather its utilisation. The cause of this movement for the protection of the mountain pasture lands, peculiar to Austria, is above all "that during the last decades the alienation of land has increased to a disquieting degree, and the mountain grazing grounds have been more and more turned from their proper use. The largest and finest grazing grounds have been bought up for game preserves; the pasture lands are hardly used at all for grazing or if they are it is only by way of show, or if there is old wood on them, they fall into the hands of speculators. In both cases, the pasture lands lose their special character; those insufficiently cared for or abandoned to themselves turn into wildernesses; the soil becomes covered with brushwood and suffers denudation, when the trees have been destroyed the land may at most still serve for pastures for goats and sheep and be used for unregulated extensive grazing; this may be seen to some degree everywhere among the mountains" (Considerations in favour of the Salzburg Bill of 1905, for the Protection of Mountain Pastures). This alienation of grazing grounds (according to the same document) in the course of the last twelve or fifteen years has in certain districts of Salzburg assumed such dimensions as to affect 20 or 40 % of the mountain pasture land.

Not less disquieting were the figures given in the statistical returns for the provinces of Styria, Lower and Upper Austria, and the danger of this disorder in the mountain economy was thus made clear. In consideration of the strict bonds uniting the economy of the mountains with that of the valleys, we can understand that these transfers of mountain pastures, involving a notable decrease in the number of head of livestock, threat-

ened to cause a greater general increase of the agricultural proleratit in these districts. It was urgently necessary to check the evil. It was therefore sought, " by the aid of a formula adapted to protect and encourage mountain agriculture, to pass measures to ensure that the special rôle played by mountain grazing grounds in agricultural economy might be maintained in the future " (Considerations in favour of the Salzburg Bill above cited). This was without doubt right, only the need of *encouraging* mountain cultivation should have been insisted on, for the efficacy of legislative " protection " against the transfer of grazing grounds seemed very problematic. But time was pressing and while the internal reinforcement of mountain agriculture was postponed for a more favourable opportunity, the measures taken were of necessity limited to its external protection.

So the Salzburg Law of April 12th., 1907 (Bull. L. Pr. No. 65) " for the protection of mountain grazing grounds " was promulgated and was the first of its kind published in Austria ; this law is still in force, although its provisions have been substituted by new laws of the same character with which we shall deal later.

The characteristic provisions of the above law are as follows :

" The mountain pasture grounds existing at the moment of the coming into operation of the present law must be maintained as they are. It is forbidden to divert them from the use for which they were originally intended, to subject their soil, either entirely or in part, to any other kind of cultivation, or to transact commercial business in connection with the land such as might endanger its future maintenance as pasture ground, or lead to its final alienation. "

Any infringement of these essential provisions or the orders connected with them issued by the competent authorities is punishable by a fine of not more than 1,000 crs. If, " in spite of repeated fines, a mountain grazing ground is diverted for a length of time from its proper use, the mountain grazing ground commission has the right to take the following steps : to provide at the risk and expense of the proprietor concerned for the maintenance of the grazing ground, especially for the execution of the work indispensable for its proper utilisation ; to engage an administrator at the risk and expense of the proprietor, and to lease the grazing ground to third parties for the account of the landowner, generally for a period not exceeding one year.

As a general rule, the application of the law is entrusted to the political authorities. Besides these, there is an institution having the nature of a college, the provincial mountain pastures commission ; this commission may permit, by way of exception, the diversion of such a mountain grazing ground from its special destination, may authorize a change in its cultivation or have recourse to the above coercive measures, and it acts also as a court of second instance (except for penal matters coming within the competence of the provincial political authority). It has other functions similar to those of the Carinthian mountain pastures board, in relation to the offices for improvements and subventions. The execution of improvements in the mountain regions of Salzburg was, besides, as a gen-

eral rule, entrusted also to the land administrative institutions. A *Pasture Land Commission*, elected by communes in which there are mountain pastures, is attached to the district political institutions, as a special consultative body. This commission has both the right of initiative in formulating proposals it judges advisable and dealing with complaints (with the exception again of those affecting penal condemnations). The supervision of the mountain economy is assigned, as in Carinthia, to an inspector of grazing grounds. Further, a special register of these is kept at each of the political institutions interested, so that the situation and the management of all the mountain pastures may be known.

Here also, as in Carinthia, at first sight the want of sufficient concentration of the service of the executive institutions is apparent. However, the Salzburg law goes beyond the provisions in force in Carinthia, in this sense that its application requires the assistance of the proprietors, the institution of grazing ground commissions and the register of grazing grounds as above mentioned.

Taken all together, indisputably the law has a defect ; it is one sided, owing to the preponderance of the restrictions it contains with regard to the protection of grazing grounds. But it is precisely on account of this internal defect that the law has become a powerful instrument of propaganda, as its text can easily be rendered in familiar language, not without efficacy. Certainly, it was not on account of the ease with which it could be made known to the people, but of the well founded conviction of the necessity of protecting the mountain pastures, that the Salzburg bill was generally approved in 1906, at the Agricultural Congresses of Salzburg and Linz and also recommended in other parts of the Monarchy. It was only to be feared that the provincial legislatures might limit themselves to copying purely and simply a bill so strongly recommended as a model and, instead of providing for the protection of mountain pastures by encouraging their proper administration, only seek a remedy in coercive measures. Such was in fact the case in Styria where, in March, 1907, the Diet passed a bill similar to that passed in Salzburg. On the other hand, the Austrian Diet, about the same date, (February, 1907), passed a bill of protective character, but without imposing any obligation of this or that form of administration, which was declared " too great a limitation of the right of ownership ", and with the supplementary provision, liable to be considerably extended, that " the object was to protect the mountain pastures as far as possible by further legal provisions, in addition to the measures projected or already taken for the encouragement of mountain economy. "

Under these circumstances, it seemed advisable to resume all that had been learned by experience in Carinthia and Salzburg in a model bill for all the mountain regions, to be adapted later to the local conditions of the several provinces. Unfortunately, in the preparation of this bill, a whole series of provisions were omitted and not included among the "*principles to be followed in the preparation of provincial laws for the protection of mountain pastures*", that is to say : provisions in relation to the State subsidies for the improvement of mountain pastures and the conditions

under which the owners of mountain pastures might benefit by these subsidies, as well as provisions in regard to other measures of encouragement on the part of the State (courses for the management of mountain pastures, prize competitions etc.), such as are contained in the Swiss cantonal laws for the protection of mountain pastures, in their turn, based on the federal law of December 22nd., 1898. Although it was certainly desirable that there should be in the law at least a brief mention of the above measures of encouragement, it was not, however, desired that the provincial legislation should impose burdens on the Imperial finances and consequently the duty of legislating in matters of detail in regard to the subventions to be granted within the limits of the credits opened in accordance with the Imperial laws was left to the administrative authorities. The new legislation on mountain pastures thus especially assumes the improvement of pastures as a fact already accomplished and its principal object is the maintenance and preservation of the improvements carried out. The necessary provisions were found in the Carinthian laws above spoken of.

The experience there acquired having shown the necessity of the improvements and the regulation of mountain economy corresponding, it was found advisable to make the preparation of plans for economic regulation compulsory not only for commercial grazing grounds and those of collective ownership, but also (on condition of the improvements being first carried out) for those owned by individuals. Finally, in its *essential principles* we again find an attenuation of the coercive provisions as there is no longer any question of compulsory administration, but only of compulsory maintenance.

The new *model* bill was referred to the provincial administrative institutions of all the mountain regions, except of course Salzburg, and they were invited to consult the legislative bodies concerned on the matter, with the object of as far as possible encouraging the execution of the provincial legislative provisions for the protection of mountain pastures, with the full approval of the Department of Agriculture. Thus, in the autumn of 1907, bills for the protection of mountain pastures were presented in the Diets of Carinthia, Styria and Lower Austria, after detailed discussion of the above question. Similar laws were then promulgated in Tyrol, Upper Austria, Carniola, and, finally, in the Country of Goritz-Gradiska; a law for the protection of pastures is being drafted in Vorarlberg. We have already shown that amendments will soon be introduced into the Salzburg law to adapt it better to the essential principles, above all by means of the concentration of the pasture protection services in the hands of the agricultural authorities.

The new provincial legislation "on the protection of mountain pastures and the encouragement of "mountain economy", is in its essential points absolutely uniform.

The principal provisions may be summarised as follows:

- (a) Protection of mountain pastures;
- (b) Regulation of their administration and organization of pastures managed collectively;

- (c) Maintenance of the improvements carried out ;
- (d) Application of the law and executive institutions.

(a) *Provisions for the Protection of Mountain Pastures.* — The dominant principle in all these laws, although couched in different words in the various regions concerned, is that the mountain pastures must not be diverted from their special economic destination, and it is not merely a question here of plots of land entered as pasture ground in the cadastral registers, but all land generally really used for grazing. Such land must be so maintained that it can be utilised for grazing at any moment without the least expenditure and without any special adaptation being required.

Amongst the prohibitory provisions in connection with the maintenance of mountain pastures, we may mention : a general prohibition of the diversion of the land for a long time from the special use assigned to it in mountain economy ; prohibitions similar to those in the Salzburg law in regard to its utilisation in other ways and other acts (or omissions) by which the existence of the grazing ground may be permanently menaced or rendered impossible. With good reason, among the *essential principles* are not included special provisions for the compulsory administration of the land in this or that manner. Yet coercive provisions have been introduced into the laws of Carinthia and Carniola. Practically, none of them have been applied anywhere.

The importance of mountain pastures for the mountain cattle generally, certainly, in some degree, justifies the protection of the pastures in a manner similar to that assured for the forests by the law in force. However that may be, exceptions to the above prohibitions must be allowed in urgent cases (for example, in case of damage caused by the elements, landslips etc.) or in the general interest of rural economy (for example, when a protective forest belt has to be made) ; the provincial authorities must decide in each special case, whether exceptions may be made, after consultation with the mountain pasture board.

(b) *Regulation of the Administration of the Pastures. Organisation of Pastures Collectively Managed.* — In the case of each communal grazing ground or grazing ground of collective ownership, a plan for its administration and special rules must be drawn up for submission to the approval of the competent authorities ; the authorities must supervise the execution of these plans. The preparation of such plans of cultivation is also compulsory in the case of pastures belonging to private owners who have received subventions from the State or out of the provincial funds for mountain land improvement. By the law, the authorities, may, by virtue of their office, order these plans to be prepared by competent men, when the parties concerned delay presentation of them. The above mentioned circular to the provincial administrative institutions contains the following clauses : " If all the pasture lands of private ownership cannot be brought under the supervision of the authorities, as has been done in Switzerland and Liechtenstein, the extension of the interest of the political authorities in the system of pastures, the proper management of

the land and the maintenance of the improvements carried out, is all the same justified when the proprietors benefit by the subsidies for improvements."

Some of the laws (those for Carinthia, Upper Austria and Tyrol) still further increase the powers of the political authorities in regard to the mountain pastures belonging to private owners and make the preparation of plans of lease compulsory also in the case of land entirely or partly leased for grazing. These severer regulations were fully justified in view of the special economic conditions of leased pasture land.

The preparation of regulations and plans for the administration of pastures of collective ownership is in conformity with the provisions of the land laws. The laws on mountain pastures also include more detailed provisions in regard to the substance of these plans and rules.

In this connection we must specially note the provisions relating to the administration of mountain forests and the separation of the grazing grounds from the forests, the object of which is the preservation of the higher forest regions in the real interests of mountain economy. In agreement with what has been said above, there is a provision to the effect that the plans for administration and the regulations relating to pasture land of communal or collective property must be subjected to revision by the competent authorities every ten years and that they cannot be amended without previous consent of these authorities.

(c) *Maintenance of Improvements.* — It has been admitted in this connection as a fundamental principle that the improvements made in the pasture land with the help of State subventions or with provincial funds must be maintained for a fixed period by the owner of the land. In conformity with this principle, it is left to the competent authorities to make the necessary provisions after consultation with the special institutions and, in case these provisions are not observed by the parties concerned or insufficient care is taken by the latter, the authorities shall have the necessary works carried out at the expense of proprietors.

(d) *Application of the Law and Executive Institutions.* — In general it is laid down that it is first of all necessary that a complete statistical return of the mountain pastures should be made, showing their situation and how they are administered. For the preparation of this statistical return "mountain pastures registers" have been instituted, with duplicate entries of the districts occupied by grazing grounds, their natural, legal and economic conditions, as well as information in regard to the improvements effected and their results. The register is completed by the plans of administration and regulations prepared, as well as by all the decisions taken by the competent authorities in regard to mountain pastures, the plans for improvements, photographs etc.

A mountain pasture commission serves as a consultative institution for the authorities of the first instance; mountain pasture boards have been instituted at the offices of the *lieutenant governors*. The commission is composed of competent persons belonging to the legal or political admin-



istrative district (1); the mountain pasture board is composed of representatives of the provinces, the provincial delegation and the corporations concerned; in some provinces the functions of the board are discharged by a special body delegated by the Provincial Agricultural Board (*Landeskulturrat*). The work of supervision is entrusted to one or more inspectors of mountain pastures.

As far as the mountain pasture commissions are specially concerned, it must be noted that it was desired by instituting them to stimulate the co-operation of the parties concerned in the revival of mountain pasture grounds. And what is here of decisive importance is the provision, similar to that for the first time inserted in the Salzburg law, giving the commissions the right of initiative in the formulation of proposals as well as the power of deciding on applications for appeals. The special duty of a mountain pasture board is to decide in regard to applications for subventions for improvements; it examines the improvement proposals, the estimates and the appropriations.

The application of the law, including the right to inflict penalties, was at first left to the political authorities. But later on, as has been said above in the account given of the land laws, there was an organic transformation of the agricultural administrative institutions, the effect of which was the elaboration of the methods of carrying out the proposed model law on servitudes. It was thus possible to include in the land laws a provision by which the powers of the land administrative institutions with regard to the execution of these laws were limited in all their extent. Local Commissioners (*Lokalkommissäre*) have everywhere replaced the district political institutions, and provincial commissions have replaced the provincial political institutions.

In conformity with this innovation, in the Orders referring to the application of the provincial laws on mountain pasture lands (*Durchführungsverordnungen*), mention is only made of the land institutions. The essential provisions in these *Orders*, leaving out of consideration the detailed provisions in relation to the formation and the sphere of action of the mountain pasture board and the mountain commissions, as well as the institution of a register of the mountain pastures (with detailed statistical tables of the mountain pastures), concern the improvements of mountain land in virtue of which most of the defects referred to above have been got rid of.

The local commissioner, assisted by the technical staff at his disposal, must provide for the preparation of the plans, as well as for the execution of improvements in the mountain grazing grounds, whether communal or of collective property, or belonging to private individuals; in order to fulfil his mission, he may call upon the inspector of mountain pastures for his co-operation. The land administrative institutions in Austria

(1) In virtue of the law of July 24th., 1914 (*Bulletin of the Provincial Laws of Carinthia*, No. 67), the pasture commissions have been substituted in Carinthia by the District Agricultural Federations.

have thus a far more extensive part in the carrying out of improvements on the mountain grazing grounds than is the case in Switzerland, for example, where the preparation of plans for the improvement of mountain pastures and the carrying out of the same are in their essentials left to the parties interested; whilst financial assistance, granted in the form of subventions by the Federation or the cantons, is given only in accordance with special technical and economic requirements, which are brought to the knowledge of those concerned under the form of plans intended as models and other information for their guidance, and the maintenance of improvements made is assured by means of the obligation of the approval of works undertaken and by measures for their protection. Each system has advantages and defects. The Swiss system gives more scope to private initiative; the Austrian secures the owners of mountain pastures greater protection from the State, and, in its turn, causes a considerable saving, as the authorities themselves make provision for the works.

In order to obtain a State or provincial subvention, the local commissioner, before proceeding with the work of improvement, lays before the provincial commission regularly prepared plans to be submitted to the mountain pasture board for approval and to allow of its laying down special conditions for the subvention. The final decision in regard to the amount of the subvention to be granted by the State to each of the mountain grazing grounds rests with the Department of Agriculture and, in the case of provincial subventions, with the provincial delegation, the rest of the cost is borne by the parties concerned themselves; the agricultural authorities take part in the estimation and distribution of the expenditure.

Recapitulating, we may say that the orders relating to the application of the laws on pastures (*Durchführungsverordnungen*), especially as far as concerns the improvement of pastures and the concentration of the service of the various agents contributing thereto, complete the legislation on mountain pastures; not alone the protection of the pastures, but also the work of encouraging their development and regular administration, and, finally, the whole system of improvement and the statistical returns of the mountain pastures are now entrusted to a single institution, that of the land authorities, specially qualified for the purpose, with the help of those interested in the economy of mountain pastures and with special competence in the matter.

## § 2. LAWS FOR THE IMPROVEMENT OF GRAZING GROUNDS.

The work of improving the mountain pastures cannot remain isolated, however, for regard must be paid to the "equilibrium of mountain and valley." It is easily understood that if in certain localities the cattle became less numerous in the valleys than on the improved mountain grazing grounds, farming would become unprofitable, or, in spite of imperious economic requirements, there would be a decline of interest in the im-

provements to the degree that finally the pastures, in summer on the mountains and in winter in the valleys, would in turn be unremunerative. A simultaneous increase in the production of cattle foods and in the number of cattle on the valley land would on the contrary increase the interest in the improvement of the mountain pastures and thus form the best guarantee for their maintenance and improvement. The improvement of the mountain pastures would in the future have to be effected in such a way as to find a firm basis in the economy of the valley meadows; in other words, it is in the valley that the improvements must first be made, the rather as their general object, the revival of livestock improvement, demands that the principle of the unity of mountain and valley economy in these regions be observed.

These principles were first advanced in 1908, that is to say when the special legislation for mountain pastures, was commenced by a Decree of the Agricultural Department, that was to serve as a model for the *provinces*, the essential part of which was:

"That the measures for the protection of the mountain pastures and for the encouragement of their development, in view of the fact that their object is the revival of livestock improvement in the mountain regions, both as regards the quality and quantity of the cattle, demand that the work be at once extended to the valleys.

The intimate connection between mountain and valley economy implies the necessity of a constant equilibrium between these two kinds of mountain livestock improvement, so that any increase in the yield of the mountain pastures (*Sommerung*) could not continue without a simultaneous increase in the production of fodder in the valleys (*Winterung*). The work begun for the revival of livestock improvement must not therefore be limited to the improvement of the high mountain grazing grounds (*Hochweiden*), but must also include the improvement of the valley land.

In this connection, we must specially consider the pastures which serve to protect the valleys (*Hutweiden*), most of which are owned collectively by groups of farmers."

The decree then refers to the provincial laws for the division and regulation of mountain pastures: it is to be noted that only the Carinthian law expressly orders that "any subdivision of farms in the valleys" (the other laws only make such provisions in regard to forests) "should be made in such a way that no particular holding should suffer." Thus, in the case of Carinthia, it was enough to forbid unsuitable subdivision by law; in the other provinces, it has been necessary to "recommend the local commissioners to intervene to induce the parties concerned to withdraw such proposals". "And the question should be considered, whether, apart from the above impediments to subdivision, the special requirements of the improvement of native livestock do not demand the maintenance of such collective pastures in the valleys. The need for such grazing grounds must be conceded when there are meadows of a certain area in the valleys that may serve for the purpose in the intermediary periods between those

in which the livestock are fed in stalls and those in which they are led to graze (that is, in Spring and Autumn).

"Where the applications for subdivision are made in connection with holdings which, by their favourable situation, the nature of their soil and, above all, the ease with which they can be irrigated, are specially adapted for intensive cultivation of cattle foods, the preference must be given to their division (as far as possible at the same date as their readjustment) into individual holdings". "In order effectually to encourage such transformations of farms, the Department is ready to assist the parties concerned with the grant of State subventions in cases deserving of special consideration and also in cases in which the object is merely the improvement of meadows or pasture grounds.

"These subventions must, however, also benefit the communities in which meadows serving for collective pastures are maintained; but it is naturally indispensable in these cases to make provision for the regulation of the rights of use and administration taking due account of what is needed now for the proper cultivation of meadows".

Finally, the *provinces* were invited to arrange with the provincial delegates and agricultural corporations for the rapid provision in regions where improvement of mountain pasture land has been proposed or partly or entirely carried out, for the corresponding revival of the cultivation of cattle foods in the valleys, apart from the improvements of the nature above mentioned to be made in the valleys.

"If a wide basis can thus be found for the improvement of mountain land, it will in time be of the utmost importance for the projected protection of mountain pastures and the maintenance of the improvements carried out."

The above Decree serves as the basis for the execution of the work of improvements in the valley pastures, especially for the organization of permanent pastures on land belonging to private individuals or co-operative societies; the organization of these grazing grounds, guided by the labours of Professor Falke of Leipzig, who laid down the essential principles for it, has in a short time assumed increasing importance. Not only do private farmers, encouraged by the example and the teachings of Germany, convert their holdings into permanent meadows, thus rendering the breeding and maintenance of livestock a less costly matter, but, with the help of the State, many co-operative societies are formed amongst the farmers concerned for the foundation and utilisation of pastures in common.

For this reason this action was soon given a legal basis. At first, especially in Lower Austria, most people were in favour of provisions of a general character for the maintenance of the cultivation of the meadows, but this idea was afterwards abandoned, in view of the necessity of a greater liberty of transfer in the case of land in the valleys, and it was decided only to proceed upon the principle that the maintenance of the work carried out for the development of the valley pastures must be assured by the grant of subventions out of the public funds. Besides these protective measures, there was the important fact that among the legal functions of

the land administrative institutions there was included the duty of initiating and supervising all the work of improvement not included in the general plan of "land operations", and thus especially the improvement of meadows belonging to private persons and co-operative societies.

Thus uniform laws for the improvement of pastures (*Hutweiden*) have been up to the present promulgated in Carinthia, Lower Austria and Salzburg.

These laws differ from those for the protection of Alpine pastures in that they contain all the formal provisions in favour of subventions and commence with the following general formula: 'To encourage undertakings for the improvement of meadows utilised as pastures (that is to say their extension) or to facilitate their utilisation, subventions in money may be granted (by the State or the province) in accordance with the following provisions: the provincial laws of course contain no provision in relation to the calculation of the subventions to be granted by the State; in regard to provincial subventions, only in the Carinthian law is there a provision in respect to them, by virtue of which these subventions are limited to 20 % of the total of the actual cost in case of meadows belonging to private owners, and to 30 % in case of communal meadows or those belonging to co-operative societies; the subvention may be raised for the benefit of undertakings deserving of special consideration on account of their utility or in view of the precarious situation of the proprietors.

The subventions contemplated in the law can only be granted when the parties interested engage to carry out the work of improvement in accordance with a definite plan, to provide regularly for the maintenance of the work carried out and not to divert from their use the meadows utilised as mountain pastures (*Hutweiden*). By the Salzburg law, this obligation is also extended to the successors of the proprietor concerned and note of it must be made in the cadastral register as a charge upon the holding in question. In Lower Austria, the obligation to maintain the work carried out is incumbent on the proprietor only for a time, fixed at the moment the subvention is granted in proportion to the amount of the latter and the importance of the work. In both the above provinces the authorities are granted special executive powers for the maintenance of the work carried out.

The application of the laws on pastures is entrusted to the land institutions. They provide especially for the preparation of plans for the improvement of pastures of communal or collective property as contemplated in the laws on their regulation: and in conformity with the general agricultural plan in the case of mountain pastures (*Hutweiden*) belonging to private owners or to co-operative societies, but only at the request of the parties concerned.

Applications for subventions must be presented to the local commissioner. He examines them to see if the facts are accurately represented, verifies the plans and estimates that may be attached to the application by the parties concerned and then transmits them through the provincial

commission to the provincial delegates, and, if a subvention from the State is wanted, to the Department of Agriculture.

The supervision of the execution and the verification of the improvements when completed, the examination of the estimate of the expense, as well as the supervision of the regular maintenance of the works carried out are entrusted to the local commissioner, who may obtain assistance from the auxiliary institutions and, especially, from the inspectors of mountain pastures.

The provincial commission may (in Carinthia and Lower Austria, in agreement with the provincial delegation) exempt the parties concerned, on particularly urgent grounds, from the obligation of not diverting the meadows improved for the purpose of being utilised as mountain pastures (*Hutweiden*) from the end proposed.

Such are, in their essentials, the laws on pastures. As we see, they do not apply to all grazing grounds, but only, leaving out of consideration collective pastures, which are included in the plan of agricultural operations, to those for which subventions have been asked. And, even in this case, the assistance of the land administrative institutions, as far as the preparation of the plan and the carrying out of the works of improvement are concerned, is by no means compulsory. Indeed, as in Switzerland, they are only expressly entrusted with the first examination of the applications and plans, the supervision of the work in progress and the verification of the improvements carried out. Their further co-operation, especially in the preparation of the plans and the execution of the work, is only necessary when requested by the parties concerned or at least when the latter agree to it. In practice, as a general rule, the parties concerned have recourse to their co-operation, if only for reasons of economy.

On the other hand, the supervision of the maintenance of the works carried out is very clearly made compulsory by the law. In Salzburg, owing to this obligation being imposed by means of entries in the cadastral registers even upon the successors of those concerned, the observance of this rule is sufficiently assured. In the other two provinces the Order relative to the application of the law provides after another fashion for this service, enjoining that sufficient publicity be given to the charges by which the improved pastures are burdened (a list of pastures benefiting by subventions, may be consulted at the local commissioner's office).

(To be continued).

## I. — Mountain Pasture Improvements

Carried out up to the End of 1913.

Province	Measure (Area, Length or Head of Cattle)	Salzburg			Styria			Carinthia			Carniola			Tyrol			Lower Austria			Total		
Works Carried out		Number	Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost
				Crs.			Crs.			Crs.			Crs.			Crs.			Crs.			Crs.
Soil Improvement . .	ha	—	536	58,196	—	173	36,475	—	1,012	141,755	—	778	38,985	—	274	58,042	—	283	6,948	—	3,056	340,401
Sowing . . . . .	ha	—	32	1,808	—	14	2,558	—	—	—	—	10	2,267	—	33	3,392	—	30	5,680	—	119	15,705
Drainage of Marshes .	—	30	—	4,724	10	—	4,876	17	—	11,960	—	—	—	12	—	4,522	—	—	—	69	—	26,082
Irrigation . . . . .	—	1	—	54	—	—	—	36	—	1,545	—	—	—	17	—	5,071	—	—	—	54	—	6,670
Reinforcement Works .	—	11	—	8,589	13	—	1,050	51	—	21,181	1	—	2,063	6	—	3,959	—	—	—	82	—	36,842
Roads . . . . .	metres	29	79,900	131,673	22	36,860	61,674	53	156,080	317,103	1	1,000	500	25	56,250	57,820	1	4,000	1,000	131	334,090	569,770
Paths and Roads for Carriage of Manure	metres	78	58,600	33,829	31	36,510	14,469	32	53,800	20,679	20	29,880	33,945	55	73,150	26,106	—	5,000	300	216	256,940	129,328
Cattle Stalls . . . .	head of cattle	11	618	59,139	37	1,130	86,860	68	3,072	297,343	13	884	59,644	57	4,150	374,772	3	390	23,800	189	10,244	901,458
Sheds . . . . .	—	2	26	1,674	2	40	—	6	40	2,725	—	—	—	9	336	29,749	—	—	—	19	442	34,148
Ditches for Manure etc.	—	87	—	15,331	24	—	11,680	53	—	18,700	17	—	10,032	59	—	35,911	2	—	10,000	242	—	101,654
Herdsmen's Sheds . .	—	22	—	46,781	12	—	15,274	28	—	12,603	13	—	23,514	43	—	156,280	1	—	4,500	119	—	258,925
Laying of Water Pipes	metres	21	4,395	13,575	8	6,072	16,094	31	5,170	31,864	19	2,394	8,650	32	16,883	67,665	—	—	—	111	34,914	138,658
Reservoirs . . . . .	—	2	—	1,350	4	—	4,263	21	—	10,189	25	—	19,745	12	—	3,151	1	—	6,500	65	—	45,198
Drinking Fountains (for Cattle) . . . .	—	93	—	3,284	69	—	2,498	101	—	1,320	26	—	4,004	47	—	5,653	8	—	1,080	344	—	17,839
Enclosing . . . . .	metres	—	17,025	25,025	—	58,610	21,347	—	22,140	26,302	—	2,143	1,914	—	18,274	15,319	—	10,500	14,000	—	128,792	103,907
Miscellaneous . . . .	—	—	—	7,337	—	—	—	—	—	—	—	—	401	—	—	5,453	—	—	—	—	—	13,191
Total of Grazing Grounds Improved . .	—	28	8,777	412,369	49	4,062	279,928	77	23,699	915,169	12	3,584	205,664	73	23,934	852,865	8	1,182	73,808	247	65,238	2,739,803
State Subventions . .	—	—	—	247,791	—	—	166,500	—	—	585,033	—	—	104,729	—	—	302,045	—	—	58,663	—	—	1,464,761
Provincial . . . . .	—	—	—	43,204	—	—	—	—	—	—	—	—	45,880	—	—	78,108	—	—	—	—	—	167,192

## Cost of Mountain Pasture

Province	Salzburg		Styria		Carinthia	
Works Carried out	%	Expenditure — crs.	%	Expenditure — crs.	%	Expenditure — crs.
Soil Improvement . . . . .	18	73,371	16	44,959	19	176,441
Road Construction . . . . .	40	165,502	27	76,134	37	337,782
Farm Buildings . . . . .	26	107,594	36	102,134	34	312,571
Ditches for Manure etc. . .	4	15,331	4	11,680	2	18,700
Water Supply . . . . .	4	18,209	9	23,638	5	43,373
Enclosing . . . . .	6	25,025	8	21,374	3	26,302
Miscellaneous . . . . .	3	7,337	—	—	—	—
Total Expenditure . . . . .	100	412,369	100	279,928	100	915,169
State Subventions . . . . .	60	247,791	—	166,500	64	585,033
Provincial Subventions . . .	10	43,204	40	—	—	—

## II. — Mountain Pasture Improvement

Province	Salzburg			Styria			Carinthia		
Works Carried out	Measure (Hectares, Metres, Head of Cattle, and Number of Fountains)	Number	Area  Cost  crs.	Number	Area  Cost  crs.	Number	Area  Cost  crs.	Number	Area  Cost  crs.
Total Area . . . . .	Ha.	14	1,007	—	22	620	—	56	696
Usual Number of Head of Large Cattle . .	Head	—	681	—	—	610	—	—	1,451
Soil Improvements . .	Ha.	—	35 <sup>b</sup>	33,874	—	83	31,232	—	338
Drinking Fountains for Cattle . . . . .	Number	—	4 <sup>2</sup>	2,538	—	15	7,129	—	58
Enclosing . . . . .	Metres	—	2,535	1,378	—	20,945	9,819	—	96,605
Miscellaneous (1) . .	—	—	—	30,116	—	—	11,666	—	—
Total Pastures Im- proved . . . . .	Ha.	14	1,007	67,906	22	620	59,846	56	696
State Subventions . .	—	—	68 %	46,141	—	50 %	30,012	—	44 %
Provinc. Subventions.	—	—	—	—	—	—	200	—	—
Proportion spent on:	—	—	%	—	—	%	—	—	%
Soil Improvements.	—	—	50	33,874	—	52	31,232	—	38
Drinking Fountains	—	—	4	2,538	—	12	7,129	—	6.5
Enclosing . . . . .	—	—	2	1,378	—	16	9,819	—	24
Miscellaneous Works	—	—	44	30,116	—	20	11,666	—	31.5
Total Expenditure	—	—	100	67,906	—	100	59,846	—	100

(1) Principally Building of Cattle Stalls and Road Construction.



*Improvements Carried out.*

Carniola		Tyrol		Lower Austria		Total	
%	Expenditure — crs.	%	Expenditure — crs.]	%	Expenditure — crs.	%	Expenditure — crs.
21	43,315	9	74,986	17	12,628	15.5	425,700
17	34,445	10	83,926	2	1,300	25.5	699,098
40	83,158	66	360,801	38	28,300	43.6	1,194,558
5	10,032	4	35,911	14	10,000	3.7	101,654
16	32,399	9	76,469	10	7,580	7.4	201,668
1	1,914	2	15,319	19	14,000	3.8	103,934
—	401	—	5,453	—	—	0.5	13,191
100	205,664	100	852,865	100	73,808	100	2,739,803
51	104,729	35	302,045	79	58,663	53	1,464,761
22	45,880	9	78,108	—	—	6	167,192

*Carried out up to the End of 1913.*

Carniola			Tyrol			Lower Austria			Upper Austria			Total		
Number	Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost
		crs.			crs.			crs.			crs.			crs.
6	937	—	2	274	—	14	501	—	4	284	—	118	4,319	—
—	1,000	—	—	230	—	—	1,230	—	—	387	—	—	5,589	—
—	457	44,610	—	30	1,930	—	203	59,591	—	41	13,557	—	1,510	282,006
—	5	602	—	1	60	—	37	16,650	—	48	3,932	—	206	47,660
—	7,600	6,659	—	1,000	300	—	20,100	15,287	—	35,645	28,769	—	184,430	123,914
—	—	—	—	—	800	—	—	67,278	—	—	40,070	—	—	230,722
6	937	51,871	2	274	3,090	14	501	158,806	4	284	86,328	118	4,319	684,302
—	48 %	24,914	—	40 %	1,236	—	75 %	119,535	—	60 %	51,452	—	56 %	384,945
—	27 %	13,746	—	26 %	805	—	—	—	—	3 %	2,557	—	3 %	17,528
—	%	—	—	%	—	—	%	—	—	%	—	—	%	—
—	86	44,610	—	62	1,930	—	38	59,591	—	16	13,557	—	41	282,006
—	1	602	—	2	60	—	10	16,650	—	5	3,932	—	7	47,660
—	13	6,659	—	10	300	—	10	15,287	—	33	28,769	—	18	123,914
—	—	—	—	26	800	—	42	67,278	—	46	40,070	—	34	230,722
—	100	51,871	—	100	3,090	—	100	158,806	—	100	86,328	—	100	684,302

## CHINA.

### CULTIVATION AND SALE OF RICE IN CHINA,

by M. F. FARJENEL.

The populations of the Extreme East consume a very large quantity of rice. It is the staple diet in all Southern China, Indo-China, Japan and to a large extent also in North China. However, in the north, a great deal of wheat flour is made into bread, generally baked by means of steam.

In any case, rice is reckoned by the Chinese to be their principal food. Its importance may be compared with that of wheaten bread in Europe and especially in France.

The cultivation, manipulation and trade in rice are then of the utmost economic and even political importance. In the long history of China, the Emperors have, indeed, often interested themselves in regard to rice, as a rice famine might lead to very serious trouble; they thus provided for the foundation and maintenance of rice elevators. The sovereigns who specially busied themselves in the performance of this part of their duty are considered by the people, as the best they have had.

It would be very interesting if it were possible to treat the subject of rice in China scientifically with the help of figures. Unfortunately, the Chinese have not as yet given their attention to the study of political and social economics, they have done nothing in that line worth noting, and are ignorant of the value of statistics and statistical methods. The new generation, some members of which, belonging to the best social classes, have studied in Europe and America, has not yet been able to undertake these studies and so furnish the foreign enquirer with the necessary documents to enable him to treat the matter with the accuracy required.

Therefore, when we wish to give an account of the cultivation of and the trade in this important product, we find we have to limit ourselves to a general outline. China, also, is so extensive a country that the customs of one province differ in important respects from those of another at a distance from it. Nevertheless, it is possible to give a general sketch of the real aspect of the principal economic results that may be traced to rice, provided we do not enter into details for the consideration of which most frequently we have no data. So, the present study is merely tentative.

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Although there is one kind of rice that is cultivated on dry soil, that which is consumed by the largest number of inhabitants of the Extreme East grows in extremely damp soil. In order to grow, the plants must be in water, in soil saturated with it, forming a kind of slime. Thus, in Southern China and in the deltas of the rivers of Indo-China, the plains, all cultivated with this valuable plant, present the appearance of chess-boards with squares divided by mounds of earth, forming low dikes to keep back the water and make basins communicating with each other. The surface of the soil must be flat, so that the field may be evenly covered with the quantity of liquid necessary for the life of the plant.

In districts where the soil is uneven, and in the mountains, the farmer is obliged to transform nature. In many districts we see ricefields on the hill sides in a succession of terraces; the water, coming from some high source, serves for these various terraces one after another.

After the ground, or rather the mud, has been ploughed with primitive ploughs, drawn by buffaloes, men, women and even children, barefoot in the blackish water, transplant one by one the plants from where they were originally sown. This work is accurately expressed, or rather depicted, in the written character serving to indicate rice, the word *taoze* being represented ideographically by hands immersing grain in a basin.

This system of transplanting for which much care is needed, is specially suited to the kind of family farming characteristic of the agricultural life of Annam and China. All work under the orders of the head of the family, who has sometimes ten, twenty, thirty or even more persons under his control. The planting, harvesting, threshing and all other operations are carried out in common by the small agricultural community, no member of which receives separate payment, as each must give all his labour to the group which assures him of sustenance. It may be said that this form of collective family farming is the most general in the whole of China. As the Chinese peasant is very patient, very much devoted to his work, to which he gives very many hours, although he works slowly, this system of cultivation gives a considerable return.

Rich families, who possess large rice fields, hire labourers on various contracts, by the year or the piece, who work with their masters and between whom and the masters' children practically no difference is made, but these are not sufficient for what is called extensive cultivation in Europe.

The grain ripens in spikes; the threshing is generally done on stone floors, in the temple dedicated to ancestral worship, if the family is rich enough to own one; the rice is husked by means of rough wooden flails. In Indo-China, there are rice fields where steam threshers are used.

Foreigners call unhusked rice *paddy*, a name everywhere current in the Extreme East.

In most rice fields, there are two crops a year. Some fields, either on account of the difficulty of irrigation at various seasons, or for other reasons, only permit of one.

The population is extremely large, the peasants are very poor ; so, if the soil gives rice of good quality, the family, instead of taking the amount required for its personal consumption from its own crop, prefers to sell all its *paddy* and buy rice of inferior quality.

When the families cultivate ground that is not their own they often pay rent in kind ; the proprietors thus sometimes have a supply of rice in excess of their requirements and can sell it.

Thus the rice placed on the market, above all in the interior, is supplied: 1st., by farmers working their own land; 2nd., by tenant farmers ; 3rd., by landlords not farming their land, but leasing it.

(a) *Purchase of Rice from the Farmer.*

Native rice is sold in the husk, that is to say as *paddy* ; but it is also sold quite husked, in smaller quantities, however. The Chinese we have consulted reckon that the amount of *paddy* sold is more than twice that of the husked rice, or that the proportion is as seven to three.

The rice is sold either on the farm or on the market. The rice merchants or their commission agents visit the villages at the moment of the harvest and make the farmers or the landlords offers for their rice.

As a matter of fact, the peasants prefer not to deal with these middlemen ; they like better to sell their *paddy* or their rice on the market, but it often happens it is too far away, the roads are not practicable, for, as nobody keeps them in order, they may be rendered so bad by rain that transport is too difficult for the poorly equipped peasant, or again, sometimes, the roads are not safe as robbers infest the country. In these cases, the peasants sell their rice to the active enterprising agents who come to the farm itself for it and transport it at their own risk and peril, paying, if need be, a small tax to the banditti they meet. But of course they pay a low price for the rice.

These agents, though they do not buy the standing crop, sometimes advance the farmer, before the rice is ripe, either money or provisions.

When it is time for harvesting, the agents, or the merchants, come to supervise the work on the spot, and they are obliged to travel a great deal as the rice matures at different dates on different soil in these large provinces.

Wherever there are streams of water permitting of it, the *paddy* is carried in junks to the markets or the merchants' warehouses, and it is a fortunate thing that China is well supplied with waterways. The importance of waterways for the transport of rice is so great, that the Emperors constructed a canal from the region of the Yang-Tse-Kiang to the neighbourhood of Peking, specially for the purpose of bringing northwards the tribute of rice paid by the South.

*(b) Sale on the Market.*

On the markets, purchasers are divided into three classes: 1st., agents; 2nd., merchants properly so called; 3rd., warehousemen.

The first are only middlemen who could often be dispensed with, were Chinese customs different from what they are. In fact, in the case of business transactions between two individuals Chinese custom is peculiar. In all business transactions, even not commercial, it is usual to have recourse to a third party; in case of differences, he must soothe the susceptibilities of both parties, for the rules of the country do not allow of open contradiction; this is the origin of the intermediary. Even for marriages proposals and agreements are made through intermediaries. The custom is universal. The intermediary also stands surety.

The merchants properly so called buy *paddy* or rice on the market; and they may be said to be direct purchasers, for, generally, they deal with brokers who have purchased in the villages and resell. Often also, the farmer who himself brings his crop to the market is represented by an intermediary to whom he pays a small commission.

Finally, the third class consists of warehousemen, who store the rice brought by the peasants up to the time of the sale: they also act on occasion as brokers.

Between these three classes, there is a continual series of transactions of sale and purchase.

The dealers keep themselves very well informed with regard to the state of the standing crops. As soon as the harvest begins, they get samples of the rice, estimate the quality according to districts and give proof of that shrewdness which makes the Chinese excellent speculators. Thus, the price is fixed beforehand, for the demand is known and estimated in accordance with previous years. In spite of there being no accurate statistics, it does not appear that the dealers are much at fault in their calculations.

There are many merchants; they have not much capital and therefore cannot form trusts which would prevent freedom of sale by the establishment of a monopoly of this article of the first necessity.

It sometimes happens, indeed, that, in order to purchase the entire cargo of a junk consisting of rice of a certain quality, the merchants form co-operative associations for purchase limited to that one operation and then distribute the goods in proportion to their commercial requirements, but these associations are not real trusts. Their object is to facilitate the purchase of rice, under favourable conditions, by small merchants who only obtain it in limited quantities.

In certain districts, indeed, good quality rice is not consumed to a large extent; the poorest regions buy only a very small quantity of this rice, but there are always families well enough off to purchase a little of it.

It is to the interest of the merchants of these regions, who could not buy rice, little of which they can sell at a remunerative price, to become members of the above co-operative societies.

Trade is free in China. There are merchants who do not belong to any corporation and we may even say that every Chinaman has an aptitude for commercial business. So, people who are not rice merchants, if they have the money available, buy sacks of rice to re-sell with the idea of making a profit.

However, in practice, the merchants associate in corporations like all other Chinese merchants, for in China the spirit of association is universal. Thus there are regional or local rice merchants' associations for the defence of their members' interests, the object of which is partly to try to regulate prices.

This system might lead to monopolies, and the artificial raising of prices, giving the members a profit out of proportion to the economic services they render ; but in fact this does not happen.

The freedom of trade, on the one hand, and the large number of small merchants, on the other, prevent the corporations degenerating into trusts.

But the most powerful check upon monopolists is to be found in the operations conducted by the charitable associations and the public authorities.

#### *(c) Sales at Low Prices and Distribution of Rice.*

The charitable associations, interested in rice, are groups of distinguished, rich and philanthropic persons, whose object is to relieve the sufferings to which the want of economic organization in China exposes the inhabitants in times of scarcity. The country is so large that even in the best years there are some districts where, owing to bad harvests, famine decimates the excessive population who, while in ordinary seasons they manage to live with difficulty, have no reserve against bad seasons.

The associations above mentioned use their capital to purchase large quantities of rice to be sold again at cost price to the poor.

The customs of the country would not allow the merchants' corporations to oppose the beneficent work of these charitable associations ; the merchants would be discountenanced and dishonoured if they tried to. In fact, the corporations assist the associations, by selling to them at very low rates.

These charitable associations sell at cost price, that is to say at the price they themselves have paid, themselves bearing the expenses of the purchase.

Again, with a view to future periods of scarcity, the Government, wherever possible, erected elevators for rice, bought with the funds derived from taxation or collected as contributions in kind, most frequently, in payment of the land tax. The expression, " contribution ", when applied to taxes in China before the Revolution is somewhat inaccurate, for, in those days, the tax was a tribute paid to the universal proprietor, the Emperor, and the grant of rice out of the public elevator was a charitable gift on the part of the prince, the parent of his people.

The charitable associations and the Government have always been careful not to buy or store poor quality rice, their object being only to succour the famished and prevent their death from hunger.

In fact, their efforts are often insufficient ; in some years of bad harvest terrible famines destroy as much as two thirds of the population of some prefectures, even of some provinces. The history of the last century contains a pitiable record of such famines.

The rice supplied for the relief of distress is sold in special warehouses, provisionally established in the pagodas, the common property of the towns, or in temporary huts erected in the public squares.

In times of severe famine, when those who are not well off and even the rich might be tempted to purchase rice cheap, the charitable societies deliver orders both inscribed and not inscribed, on which the quantity of grain to which the purchaser is entitled is entered. These orders may be compared with the tickets for bread given to the poor in our countries.

In China, as in Europe, a man would forfeit general esteem, if he had recourse to public charity, while still in possession of sufficient means of subsistence. So, only the poor — and poverty sometimes means an unheard of degree of destitution — present themselves at the window of the offices where the orders are distributed.

The charitable associations, generally, situated in the towns or large villages, send junks with rice along the canals to the towns and small villages.

The Government rice elevators in the last century it seems did not render all the services that might have been expected from them.

Many officers, whose duty it was to keep them stocked, were dismissed or punished by the Government for bad management. The elevators remained empty when they should have been filled ; the agents sold the reserves of rice for their own benefit ; the absence of all real supervision, characteristic of the Imperial administration, led to a considerable amount of intrigue in all the prefectures. In many of their edicts the Emperors made public complaint of the deficiencies and venality of the functionaries, but no effectual remedy could be effected and the defects of this system were to a large extent the cause of the revolution.

In addition to the taxes being levied on a very bad system, from 70 % to 80 % of what was collected did not reach the Treasury offices. This was the case both in respect to the tax in kind, collected in rice, and to the tax in money. Thus, the amount that should have been reserved for bad seasons was in this way considerably reduced.

In addition, the rice bought from foreign countries by the mandarins of the maritime provinces of the south was misappropriated in every way, for Chinese governors are frequently guilty of such acts, the archaic patriarchal administration no longer meeting the requirements of modern society. The dismissals and punishments of officers, of too rare occurrence, only resorted to in extraordinary cases or when the malversations, embezzlements and corruption became really too scandalous, were ineffec-

tual. So, the system of provision, by means of public elevators, could not succeed.

This was the situation at the outbreak of the revolution in which the Imperial dynasty disappeared, in October, 1911.

Then the revolutionary storm swept away everything, many mandarins were massacred, while others fled; as the disturbance has not ceased, and no administrative reform in the sense of the western systems has been commenced, the situation in regard to the rice elevator has not changed. Very fortunately in these latter years the harvests have been particularly good, as in the year 1912, for it would have been impossible to apply even such insufficient remedies as in the past in case of a disastrous famine.

In all the country there has been no need to distribute rice to the poor, and the trade has not been therefore affected.

#### (d) *Rice Merchants' Corporations.*

The corporations of rice merchants are composed of all those who habitually trade in rice, the commission agents, brokers, warehousemen and merchants owning warehouses for the sale of rice. Distillers of spirits from rice and dealers in the same are also members of them.

It is not compulsory to belong to the corporation; but, in fact, when a man has engaged in the rice trade, he soon desires to profit by the advantages of the association; everything urges him in that direction.

Those who undertake the husking of *paddy*, even when they limit themselves to that, are considered as rice merchants; but really the husker of rice is at the same time a merchant.

The corporations, like those for every class of trade, have a board of management for the whole association: an office consisting of a president, secretaries etc. The Chinese have been long accustomed to collective action; they are habituated to it in their families where each is literally a number: he is in fact designated by a figure: the first, the third etc. Before all things he belongs to his group. However, if the corporation may, in certain circumstances, act collectively, neither its object nor its effect is the suppression of the commercial individuality of its members, and thus it does not encourage a system of monopoly.

On the contrary, the Chinese, living in a society, in which for long ages, there have been no noble classes, have a keen sentiment of equality, which often gives rise to a curious jealousy. Consequently, they endeavour to realise this idea in the corporation and expect it to establish among its members a respect for a certain distributive justice in commercial matters. For example, when rice is purchased from the farmers, they see to it that the distribution is always made in proportion to the average means of each.

The rice merchants' corporations are always urging the public authorities to forbid the exportation of rice in good seasons.

This action, which at first sight seems inconsistent with a wise economy, none the less has beneficent effects. In fact, unless a reserve supply has



been stored, it would not be possible, on account of the difficulty and the high cost of transport, when a bad harvest comes, to obtain from foreign markets, as the rest of the world does. the grain necessary for the food of the people.

It must be noted that China does not produce an amount of rice sufficient for its requirements for many years ; any measure tending to prevent the export of this first necessity of life is therefore an advantage for the country. On this point, the interests of the trade and of the public are in agreement. This action of the corporations in checking exportation, tends to hinder or limit the rise in prices in future years.

The profits of the merchants of rice are very small compared with the amount sold ; they are satisfied with only 2 or 3 per cent. Very large wholesale merchants are rare in proportion to the population. Those who are richer than their fellows buy on a larger scale but never with the object of monopolising the market.

If they were tempted to do so, or even if the members of a corporation endeavoured to form a trust to control the market price for their own advantage, the magistrate would at once intervene.

Under the old government, in fact, the authority of the mandarin, representing the sovereign, was theoretically absolute, like that of the Emperor. The prefect, or sub-prefet, who by force arrested and punished merchants guilty of monopolising the market, would have done his duty and have been supported by public opinion. But such cases as we have supposed are not recorded.

At present, trade is in theory free, as the provisional constitution of May, 1912 proclaimed it ; but on May 1st., 1914, a new dictatorial constitution was proclaimed by the President of the Republic who has, theoretically, absolute power for an indefinite period, as the new constitution does not fix any term for the office of the first magistrate of the State.

Although this new system is contrary to the ideas of the men who made the revolution and of whom the elective bodies were composed : the Chamber, the Senate, the Provincial Assemblies etc., which are now dissolved and broken up, it is none the less the actual government of China to-day. We can therefore no longer say that there is still free trade according to law, as proclaimed in the first constitution of the Republic, as the merchants' corporations and all merchants are now under an absolute government resembling that of the Empire. But this new system of government which has revived the systems in force under the former dynasty seems to have no more than it an interest in interfering with the freedom of trade, which in fact still continues today. It can interfere with it the less easily as the former staff of mandarins whose exactions alone constituted a great hindrance so trade have been too widely scattered by the revolution soon to resume all their positions and reintroduce their former practices.

At present the only difficulty in the way of commercial transactions is the latent anarchy resulting from a revolution which has not yet come to an end, as the adversaries of the present dictatorship continue

the struggle against it even by violent means. In 1913, the constitutionalist revolt in the Southern provinces created serious difficulties for trade; that civil strife which was extended to the larger part of China, if it led to a special financial crisis, and the depreciation of the notes of the local banks to about half their value, does not seem to have directly affected the rice trade. In the midst of the political turmoil, the merchants have continued their ordinary transactions in connection with this important article.

(e) *Importation of Rice.*

Foreign rice enters China as a rule through Hongkong, a British port, in a good position on the confines of the populous province of Canton. This rice comes from Indo China, Birma and Siam.

In the first of these countries, near Saigon, the capital of Cochin China, there is a Chinese town under French government. There, about 200,000 Chinese are engaged either directly or indirectly in the manipulation, husking, purchase and sale of rice. There are many large factories for the preparation of rice, turning out between 1,000 and 1,200 tons a day.

Chinese purchasers in the Cochin China provinces buy *paddy* from the Annamites fairly cheaply, thanks to their knowledge of the language of the country, which they learn easily, and of the writing, for the Annamites use Chinese characters. Large fortunes have thus been made in the rice trade by Chinese at Cholon, the town we refer to.

In the absence of complete statistics, it is difficult to know precisely the amount of rice imported, as, by a very serious fraud, part of the rice which enters China escapes the vigilance of the Customs offices under European direction. According to the figures furnished by this department, in 1910 China bought 9,409,594 piculs of foreign rice for a value of 119,000,000 francs and in 1911, 5,302,085 piculs valued at 70,000,000 frs.

Rice is not exported from China, nor do foreigners buy it there; yet a certain quantity, generally of inferior quality, does leave the country, and serves as food for the Chinese, about 8,000,000 in number, who have emigrated to the confines of China, to the South and to the Straits. This exportation has scarcely any interest for international trade, which would find no advantage in competing with it.

On the contrary, what is of importance for it is the importation of rice, by a population consuming it largely who doubtless for a long time will not be able to produce enough for all their needs.

In accordance with the most recent investigations and the most reliable information, the Chinese population is reckoned at about 440,000,000. Such a mass presents an enormous consuming force, but before the importation of rice can be very advantageous for foreign importers, China must develop economically and industrially; the population, now extremely

poor, must be enriched, so that this imported rice may be exchanged for other produce of which foreigners have need.

It is especially necessary that a new industry should allow of production, with less labour, of greater value than is obtained from the plant now cultivated by so many Chinese. It seems that mining industry might answer the need, for geological investigations in China have shown that the subsoil of the country is one of the richest in the world. All the principal metals exist there together with coal in considerable quantity.

Before there can be a larger importation of foreign rice in China, the country will have to improve and increase its means of internal communication; for the cost of transport of this heavy and bulky merchandise is high. It will only be possible to introduce foreign goods of the class of rice and other grain when railways, and river and canal communication have made great progress.

At present, the rivers afford the best means of transport, but, in spite of the abundance of streams, they cannot serve every part of this immense country. The absence of roads, necessitating heavy expense for portage, will render the importation of rice in the remote provinces almost impossible, and the population will remain exposed to the terrible famines which sometimes decimate it, until there is a system of good roads.

Until the means of communication correspond with the number of the inhabitants, the natives of the interior must, therefore, rely on their own agricultural industry for their livelihood.

The Chinese are excellent farmers, very industrious, very sober, understanding their business well, very devoted to it and really attached to their native soil, which they look upon as a second divinity, the mystic spouse of Heaven who sends the fertilising rain.

In spite of these qualities and of the industry of the farmers, in the country districts poverty is general; the slightest economic change produces want and even the most extreme destitution.

One of the causes of this is to be sought in the ignorance and indifference of the governors in the last few centuries. They permitted the population to destroy all the forests and did not arrange for re-afforestation. The consequence is seen in terrible inundations which lay waste the country, rendering cultivation in the mountain districts very difficult or impossible, for the water carries away the soil and leaves only bare rock. The peasants are thus obliged to concentrate in too large numbers in the neighbourhood of streams where they fall victims to floods which destroy their standing crops and force them in vain to redouble their efforts.

Thus regions, which might have supplied abundance of agricultural produce and enriched the country, have become the most unfruitful and poorest; so that China, in spite of its large area, can hardly feed its population.

The continually increasing number of foreigners in China during the last half century, the resulting conflicts, the indemnities the Government has had to pay in consequence of wars or rebellions, the increasing needs due to new contracts, and the attempted reforms have induced the Govern-

ment to contract loans abroad and have thus obliged the country in order to pay the interest on the loans, the principal of which is now about 6,000,000,000 francs, to export amounts which would have been more usefully employed in the organization and enrichment of the nation. As also these loans have not been invested advantageously and money has been lost in the general disorder, there has been an increase of poverty. In order to pay the interest, in the absence of a reasonable and profitable system of taxation, the Court increased the taxes and established new ones which largely alienated the population already so poor, who, being too numerous for the profit derived from the soil, had had the greatest difficulty in paying the former taxes, although they were very light. Hence, a general unrest and irritation which, notwithstanding the peaceable character of the Chinese peasant, has ended in a revolution.

But this, which up to the present has only affected the political life, has in no way remedied the economic evils which chiefly led to it. The Chinese peasants, forming the immense majority of the nation, are still exposed to the same distress, the principal causes of which we have indicated above.

Today the improvement of agriculture, reafforestation, and the cultivation of large territories which must be again rendered fertile, are a vital necessity for China.

If this improvement is not realised, emigration will increase, and the Chinese peasant, abandoning the soil which does not yield him sufficient nutriment, will be forced to go and seek his daily rice abroad and invade the rest of the world, pacifically or otherwise.

Already in Australia, America and elsewhere, Chinese emigration presents a serious problem in regard to international labour competition.

Thus, the question of rice in China, which, at first sight, seemed only to concern the inhabitants of that country, is really of universal importance.

## UNITED STATES.

### THE PROBLEM OF THE ECONOMIC DISTRIBUTION OF AGRICULTURAL PRODUCTS: RESOLUTIONS OF CONGRESS.

In this *Bulletin* we have more than once had occasion to refer to the fact that among American farmers there is widespread and growing dissatisfaction with existing methods of distributing farm products. Briefly, the farmers complain that the fraction which they receive of the ultimate price paid by the consumer is unfairly small, and that as a result farming is yielding either a very small margin of profit or no profit at all.

With the object of ascertaining the facts by an investigation of the whole process of distribution, the Government, in 1913, established a special office under the title of the Bureau of Marketing, and at the same time with the object of supplementing the work of the new Bureau and, specifically, for the purpose of promoting sound schemes of co-operation among both producers and consumers, organized, under the direction of the eminent economist Professor T. N. Carver, a small special division known as the Rural Organization Service. These new divisions have been steadily at work for some twelve months, but as the questions with which they are occupied are notoriously complicated and the enquiries have to be conducted over an immensely wide field, it is too early yet to expect them to produce tangible results.

In the meantime, however, the discussion of the problem of finding more economic methods for the sale and distribution of farm products continues unabated in the United States, and, on two occasions at least, has occupied the attention of Congress. On September 8th of this year Mr. Fletcher introduced in the Senate a "Joint Resolution for the Appointment of a National Marketing Commission," and two days later Mr. Goodwin introduced the same Resolution in a slightly amended form in the House of Representatives. As amended the Resolution reads thus:—

"Whereas it is patent that there are defects in the economic system of the United States which affect adversely the producers and the consumers of agricultural products; and

"Whereas these defects have been accentuated by the European war, and to a degree justifying the recent utterances of the President of the United States in the matter of the high cost of living; and

"Whereas various attempts have been made from time to overcome these defects, mainly through non-governmental agencies, and recently

under governmental agency under the Bureau of Marketing of the Department of Agriculture ; and

" Whereas experiences has, however, proven that the solution of this question is not to be found in non-governmental agencies nor is it to be found in a governmental agency. It is to be found in a semi-official governmental agency, as is here proposed, as witness the success in the European countries of such a system, a system which has swept aside the trusts in food products and which renders the trust an impossibility ; and

" Whereas the present abnormally high prices for food products not alone offers an opportune time for the establishment of a semi-official governmental agency as a means for the temporary solution of this problem but also for the organization of the agricultural forces of the United States on the lines indicated as a means for the permanent solution of this problem : Now, therefore, be it

*" Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be authorized and requested to appoint a National Marketing Commission to be composed of 29 members, 15 of whom shall be farmers and 14 of whom shall be selected with reference to their eminence in commerce, law, finance and transportation.*

SEC. 2. That such National Marketing Commission shall meet in the city of Washington at a time designated by the President and organize by the election of officers, and adopt a plan of action for the effective organization of the States, counties, and localities of the United States for the economic distribution of the products of the farm, with power to act in so far only as affecting individuals and organizations that shall elect to become a part of this national marketing system. "

It will be seen that the Resolution as it stands gives very little information as to what powers it is proposed to confer on the National Commission or as to what its precise duties would be. The Resolution was under consideration by the House of Representatives Committee on Agriculture on September 14th, and on that occasion Mr. David Lubin the United States Delegate to the International Institute of Agriculture, who may be regarded as the real author of the scheme, explained his views at some length.

From Mr. Lubin's evidence it appears that what is contemplated is the creation of a huge number of commissions which, under the final direction of the National Marketing Commission, will form a single vast organization, not, indeed, for the actual work of selling and distributing farm produce, but for the dissemination of information as to markets and for the provision of all the other facilities necessary for the economic distribution of such produce.

The National Commission would be appointed in the first instance by the President. The Governors of the States would then appoint State Commissions ; the State Commissions would appoint County Commissions ; and, lastly, the County Commissions would appoint Township Commissions. The County and Township Commissions would make provision for sending

the local products to market in the right quantities and at the right time, and would where necessary establish open air and covered markets, sample rooms, exchanges and auction rooms, providing separate divisions in the various salesrooms for wholesale and for retail selling. The National Commission in Washington would resemble the German *Landwirtschaftsrat* inasmuch as it would act as an Advisory Council of the Government in all matters affecting agriculture and particularly in all that related to agricultural legislation, but as its most important function would be to direct the business of selling and distributing farm products, it would resemble even more closely the Board of Directors of a co-operative selling association or "Exchange". The majority of the members of all the Commissions would be farmers, while the minority, it is intended, would be composed largely of business men of high ability thoroughly familiar with modern methods of distribution and sale.

Under the expert direction of the Commissions the distribution of farm products would, it is claimed, be affected with maximum regularity at a minimum cost, and as a result the producer would receive better prices and at the same time be relieved from the risk and anxiety of selling through agencies over which he has no control; while the consumer would benefit by having assured to him constant supplies of fresh products at fair and reasonable prices.

On September 4th, 1914, the Senate passed another Joint Resolution which may in the course of a comparatively short time prove to be of immense importance, and which if acted upon will introduce an entirely new factor into the problem of distributing the world's supply of agricultural staples. The Resolution in question aims at securing, through the medium of the International Institute of Agriculture, the convening of an International Conference at Rome for the consideration of the problem of "steadying the world's prices for staples". The resolution as passed by both Houses of Congress is as follows: —

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

That in accordance with the authority of letter (f) of article nine of the treaty establishing the Institute, which provides that it shall "submit to the approval of the Governments, if there be need, measures for the protection of the common interests of farmers," the American Delegate to the International Institute of Agriculture is hereby instructed to present (during the nineteen hundred and fourteen fall sessions) to the Permanent Committee the following *Resolutions*, to the end that they may be submitted for action at the General Assembly in nineteen hundred and fifteen, so as to permit the proposed Conference to be held in Rome during the fortnight preceding the session of the General Assembly of the Institute in nineteen hundred and seventeen :

*Resolutions.*

"The General Assembly instructs the International Institute of Agriculture to invite the adhering governments to participate in an International Conference on the subject of steadying the world's price of staples.

"This Conference shall consist of members appointed by each of the Governments adhering to the Institute, and is to consider the advisability of formulating a Convention for the establishment of a Permanent International Commerce Commission on Merchant Marine and on Ocean Freight Rates with consultative, deliberative, and advisory powers.

"Said Conference to be held in Rome during the fortnight preceding the session of the General Assembly of the Institute in nineteen hundred and seventeen."

It will be observed the steps by which it is proposed to achieve the object in view, — the establishment of a Permanent Commission on Ocean Freight Rates, — are of a very deliberate kind, and that even under the most favourable circumstances no formal proposal for an International Convention for the purpose could be made before 1917. Ample time, it is evident, is allowed for the fullest possible discussion of the whole question, apart from the fact that it would be unreasonably sanguine to hope that a great war will not impose at least some delay upon the materialisation of the project.



## RUSSIA.

### HOME COLONISATION IN THE CAUCASUS FROM 1908 TO 1912.

The great agricultural reform now being carried out in Russia consists, as we know, of three fundamental operations, namely: the abolition of the "mir", the general readjustment of the farms that have passed into private hands, and, finally, the grant of arable land to peasants not possessed of land, as far as it is possible, either without charge or on specially favourable conditions (1).

This last work presented considerable difficulties. In European Russia, the Government could only cede to peasants who had no land such areas as had been bought from the nobility or the crown, and consequently bought at too high a rate to be abandoned to peasants who had no land on conditions that were really possible for them.

Therefore, the Government bethought itself of the immense sparsely peopled areas of Russian Asia, Siberia, Turkestan, the steppes of Semi-rétschensk and, finally, the Caucasus, where the land is everywhere, if not quite unoccupied and to be had for nothing, at least purchasable at low prices.

But this land had to be "prepared". Sometimes there was no water, sometimes too much; here the virgin forests prevented agriculture, elsewhere the absolute want of roads made the areas inaccessible. And everywhere it was necessary to survey, and fix the boundaries and establish the rights of ownership. Finally, it was necessary to think of the welfare of the colonists themselves, to establish medical stations and pharmacies, found schools for the children, build churches, organize postal and commercial communication etc.

All these operations, the organization and general direction of colonisation in all the immense area of the Empire of the Czars were entrusted to an office specially founded at the General Department of Agriculture and Agricultural Organization under the name of the Colonisation Department (Переселенческое Управление). Dependent on this Department are local Commissions, each of them entrusted with the colonisation of a particular region, and publishing, at intervals, varying according to

(1) More complete information with regard to the Russian land reform will be found in the numbers of this Bulletin for November, 1913 and January, 1914.

the importance of the work accomplished, detailed reports of the results obtained.

Thanks to these reports, we hope to be able to study the entire work of colonisation in each of the different parts of Asiatic Russia, in turn, in this Bulletin.

The present article, the first of the series, is devoted to the countries in which the work of colonisation carried out has been least important. Except in the absolutely uninhabitable regions of the country, the density of the population in the Caucasus is scarcely lower than that of many provinces of Central Russia. It is therefore not here that areas can be placed at the disposal of the Colonists as extensive as those offered by Siberia and the Transcaspian regions. On the other hand, the land in the Caucasus, as we shall see, is capable of intensive cultivation and so on a smaller area offers the possibility of far more concentrated colonisation.

Most of the statistics on which our account is based are taken from the Report published by the Caucasus Colonisation Commission under the title "Обзоръ Переселенческаго дѣла на Кавказѣ за пятилѣтіе 1908-1912 г. г." (Sketch of the Colonisation of the Caucasus in the Five Years 1908-1912).

#### § I. FIRST ATTEMPTS AT COLONISATION.

The first attempts at Russian Colonisation of the Caucasus were made in the middle of the last century. They were of an eminently political character. Anxious for the definite establishment of Russian rule in the country, the viceroy of the time, Prince Woronzoff (1), distributed lots of arable land gratuitously to time expired non commissioned officers and soldiers of the army of occupation, who desired to establish themselves in the country, and to members of certain religious sects the Government desired to remove from the central provinces of the Empire.

This kind of colonisation was, of course, in no sense systematic. It soon led to conflicts of every kind with the original inhabitants, above all in regard to the right of ownership of the land and it was gradually abandoned.

The work of colonisation was only resumed a half century later by Prince Galitzin, appointed in 1898 Commander in Chief of the Military District and Governor General of the Caucasus. The country was then entirely pacified and, in order that the former inhabitants might not suffer in their rights to their land, Russian Colonisation was inevitably limited to the land belonging to the Crown or to the remote steppes of the South East, utilised at most for winter grazing by the semi-nomad tribes of the Persian frontier.

In the first case the results were of hardly any importance. Scattered over the immense area of the country in which they formed isolated en-

(1) Viceroy between 1844 and 1854.

claves, and more especially in the wild mountain regions, these crown lands were so little suited for systematic and concentrated colonisation that in many cases there was absolutely no means of access to them.

• There was better success in the steppes region. At Muchansk, for example, some very simple irrigation works rendered a large part of the steppe of the same name fit for colonisation (1).

Decisive progress in the colonisation of the Caucasus, however, only dates from 1905. It began with the re-establishment of the vice-royalty in that year, and the necessity, due to the great agricultural reform of the following years, of finding, in the Caucasus amongst other places an outlet for the overflow agricultural population of the central provinces of the Empire.

A local Colonisation Commission was founded in the Colonisation Office of the Department of Agriculture and Agricultural Organization (Переселенческое Управление Главного Управления Земле устройства и Земледелия) with instructions to study not only the quantity of land unoccupied in the Caucasus and the possibility of colonising it, but also the question of the readjustment and reorganization, both from the agricultural and administrative point of view, of the colonies already existing. The programme proposed for this Commission by decree of the viceroy, dated February 13th., 1907, included in fact :

1. The preparatory study of the economic condition and the legal rights to landed property both of the original inhabitants and of the Russian colonists already established on the land adapted to a good system of colonisation, as well as the readjustment and organization of the land of these districts.

2. Determination and delimitation in the desert steppes of East Transcaucasia of districts for colonisation forming as far as possible a compact and continuous block in each district.

3. Construction in the Provinces of the Black Sea Coast (Black Sea Province and districts of Suchum and Kutais) of a system of roads to render accessible to colonisation the mountain districts of the Southern slope of the great chain of the Caucasus.

4. Systematic organization of the colonies, whether already established or to be established, from a legal as well as from an economic and agricultural point of view, organization of agricultural subsidies, medical stations, pharmacy stations, building of churches, schools etc.

Thus we see there is no further question here of exclusively Russian colonisation. The law will be the same for all. The Russians and the original inhabitants will equally share in the benefits obtained by the work and efforts of the Commission, as will appear even more clearly from the following brief study of the results obtained in the period 1908-1912.

(1) See below.

## § 2. AREA OF LAND SUITABLE FOR COLONISATION IN THE CAUCASUS.

It is still impossible at the present moment to estimate even approximately, the whole extent of the land suitable for colonisation in the Caucasus. The Colonisation Commission has so far only had time to estimate the area in two of the most important regions of the country, that is to say, in the extreme west, in the Black Sea Province (Черноморская губерния), and, in the opposite extremity of the country, in the steppes of East Transcaucasia.

The area of the whole of this arable land that can be legally colonised in the two regions alone is now about 2,000,000 deciatines, or about 2,200,000 hectares, that is to say, it is equal to that of the land cultivated in the whole of Switzerland.

As it was not possible, in view of the limited economic resources at its disposal, to undertake the preliminary work of colonisation for the whole area of these two districts, the Colonisation Commission divided them each into regions of *immediate colonisation*, that is to say districts in which it has immediately undertaken the work contemplated in its programme, and into reserves of the first class, in which the work will be commenced as soon as time and the available financial resources permit.

The region of the steppes of Eastern Transcaucasia extend along the right bank of the Kura, from the environs of the town of Jelisavetpol to the Aras and the Caspian Sea. The area of the district is about 1,650,000 hectares, that is to say nearly that of the arable land of Belgium, and this land is now only utilised for winter pasturage by the half nomad tribes of the Persian frontier, but, once expropriated and supplied with a proper system of canals, would be adapted to the most lucrative farming, especially to the cultivation of cotton.

The region of immediate cultivation on which the Colonisation Commission has up to the present concentrated all its efforts, includes here the steppes of Muchansk and Milsch, in the very centre of the region, towards the confluence of the Aras and the Kura. The first has an area of 324,303 deciatines (356,650 hectares), the second an area of 318,869 deciatines (350,000 hectares). In regard to the other steppes in the country, those of Salian, Schirvansk, Sardarabad and others, with a total area of about 800,000 deciatines, the Colonisation Commission considers them for the present as reserves and has not as yet carried out any work in preparation of colonisation there.

We saw above that, independently of the region of the Eastern Transcaucasian steppes, the Colonisation Commission has concentrated its efforts also on the mountain regions of the Black Sea Province. The character of this region is quite different from that of the Persian frontier. Sheltered from all the winds of the North by the immense mass of the Caucasus Mountains, the "Riviera" between Noworossijsk and Suchum has quite a subtropical climate. Well supplied with water and rich in forests, it rises in terraces occupying admirable positions from the sea

to the snowy summits of the mountains. The whole region is certain to become a garden of unrivalled luxuriance, specially suited to the cultivation of the vine and of fruit trees, as soon as the inland territory, now desert, is rendered accessible by the construction of roads, a work very difficult in these mountain regions.

The " Riviera " of the Caucasus includes the Black Sea Province and the district of Suchum. In view of the exceptionally favourable nature of the country, it is easy to understand that colonisation on the part of private individuals began long before the Government took measures to facilitate a proper system of colonisation on a large scale. This was especially the case in the district of Suchum, which is much nearer the plain and consequently more easy of approach than the Black Sea Province. That is why the Commission decided to concentrate its efforts in the Province, limiting its work in the District to the regulation of the rights of the landholders and the readjustment of the farms in the colonies already existing.

The whole area of the Black Sea Province is 743,214 deciatines. Of these nearly 500,000 deciatines belong to the State and consequently are available for colonisation. And in fact during the five years with which we are concerned here, the Colonisation Commission has already prepared for occupation and allotted about 100,000 deciatines. Fifty thousand more are being prepared for colonisation and will be allotted as soon as the road construction now in course is completed and the land rendered accessible. The remainder, about 350,000 deciatines, forms part of the colonisation reserve and the preparation of these for settlement will only be undertaken when the work of preparation of the region to be colonised immediately is terminated.

When all is said, the most serious difficulty in the way of the immediate utilisation of these immense areas suitable for colonisation is the necessity of constructing, in the case of the Transcaucasian steppes, an immense system of canals, and, in that of the coast region, a no less extensive and costly system of roads. Naturally, the Colonisation Commission has had to concentrate its attention chiefly upon the solution of these two serious problems.

However, that has in no way prevented it from allotting to the colonists holdings in other provinces of the Caucasus where this could be done without the necessity of carrying out the work of surveying, irrigation and organization of the system of roads before authorizing the colonists to occupy their lots. We shall have evidence of this in the figures given in the following section.

### § 3. RESULTS OF COLONISATION BETWEEN 1908 AND 1912.

Up to the beginning of the five years' period with which we are dealing, the total area of the land assigned to the Colonists in all the provinces

of Caucasia was 258,580 deciatines (1), distributed amongst 30,386 individuals (2).

Between 1908 and 1912 the Colonisation Commission was able to place at the disposal of new colonists a total area of 277,601 deciatines in 49,610 lots.

The distribution of these single lots according to the province or territory of the region is seen below :

Black Sea Province . . . . .	3,305	single lots
Territory of Suchum . . . . .	6,518	" "
Province of Kutais . . . . .	445	" "
Territory of Batum . . . . .	273	" "
Province of Tiflis . . . . .	3,263	" "
Territory of Kars . . . . .	1,520	" "
Province of Jelizavetpol . . . . .	2,910	" "
Province of Baku (Muchansk Steppe) . . . . .	23,926	" "
Territory of Daghestan . . . . .	34	" "
Territory of Kuban . . . . .	5,459	" "
Territory of Terek . . . . .	1,957	" "
Total . . . . .	49,610	" "

Adding these figures to those previously given, we find that by January 1st., 1913, the Government had placed at the disposal of Colonists approved by it in the Caucasus a total area of 536,181 deciatines distributed in 79,996 single lots.

Of this total there had been allotted :

	Deciatines	Lots
1. To Russians Established in the Country before Government Colonisation began. . . . .	19,760	in 1,754
2. To Colonists Natives of Caucasia . . . . .	79,043	" 13,699
3. To Churches, Schools and Various Com- mercial, Industrial or other Undertakings . . . . .	8,719	" 1,346
4. To New Immigrant Colonists . . . . .	--	" 63,197
Total . . . . .		79,996

(1) See below, Table No. II.

(2) The allotment to families is made as follows: a single lot is assigned for each adult male member in the family capable of agricultural labour. Each family may therefore acquire as many individual lots as there are adult males in it irrespective of the total number of members in the family.

The colonists of one and the same region form a colony (участокъ) for administrative purposes. The size of these colonies varies considerably from place to place.

Of the 63,197 single lots thus placed at the disposal of immigrant colonists, 38,787 were occupied by 12,026 families on January 1st., 1913; 11,500 had been already allotted, but not yet occupied; finally, 12,910 had still to be distributed.

Of the 12,026 families already established on the holdings allotted to them, 8,326 settled in the country between 1908 and 1912.

These 8,326 families had a total number of more than 55,000 members, of whom 27,895 were males old enough for work.

The dates of their establishment in the country were as follows :

In 1908 . . . . .	1,815 families	with 6,081 adult males
» 1909 . . . . .	2,320 "	" 7,446 " "
» 1910 . . . . .	1,675 "	" 5,544 " "
» 1911 . . . . .	1,618 "	" 5,784 " "
» 1912 . . . . .	898 "	" 3,080 " "
Total . . . . .	8,326 "	" 27,895 " "

In the period with which we are concerned there was an average annual immigration of 5,500 adult male colonists fit for agricultural work. In the three years immediately preceding this period the average had been only 2,000.

The holdings already allotted but not yet occupied by their proprietors, or not yet allotted and consequently free, were distributed in the various regions of the country as follows :

	Holdings assigned but not yet occupied	Holdings not yet assigned
Region of the Black Sea Coast . . . . .	1,823	3,229
» " Kuban and Terek . . . . .	1,252	340
» " Baku and Daghestan . . . . .	7,163	7,379
» " Jelisavetpol . . . . .	717	1,445
» " Tiflis and Kars . . . . .	381	109
» " Suchum . . . . .	77	4
» " Kutais and Batum . . . . .	87	404
Total . . . . .	11,500	12,910

The Colonisation Commission hoped to be able in the course of the year to assign 5,000 of the 12,910 holdings still unoccupied on January 1st., 1913. It foresaw that the state of the irrigation works and the work of road construction would not permit of its allotting the other holdings among the numerous applicants.

## § 4. IRRIGATION IN THE MUCHANSK STEPPE.

Up to 1901, in this large region between the Aras, the Kura, the Caspian Sea and the Persian frontier, there were only two miserable villages both situated on the borders of this unproductive desert area. There has been a complete change since the work of irrigation began, initiated in the North in 1901 with the construction of the Galitzin Canal. By the completion of the work in 1906, three new villages had arisen on the canal and the number of colonists who desired to establish themselves there was so great that, in the following year, a second canal had to be made to supplement the first and along it no less than nine new villages arose between 1909 and 1911.

Altogether, in this part of the steppe, the Government spent, between 1904 and 1911, 312,000 roubles (830,000 frs.) on irrigation works, thanks to which 25,000 deciatines of land, formerly waste and unfit for any kind of cultivation, have been transformed into intensively cultivated and productive colonies, with a permanent and dense population.

In the central part of the Muchansk steppe the work of irrigation, begun in 1909 on the initiative of the Colonisation Commission, has been facilitated by the existence in this place of an old canal made by the inhabitants of the country and then abandoned. Brought again into working order, this canal, 46 kilometres in length, was connected by another 26 kilometres long, to which the name of Woronzoff Canal was given, in memory of the first pioneer of Colonisation in Caucasia.

These works are not yet quite completed and yet nineteen villages have already arisen in this formerly quite deserted region.

A second canal, close to the first, also bearing the name of Prince Woronzoff was commenced in 1912. It will be completed in 1915 and will render capable of cultivation an area sufficient for the establishment at least 2,500 colonists' families.

In the Southern part of the steppe, finally, the work of irrigation was begun in 1909 with the construction of a canal intended to render an area of more than 21,000 deciatines fit for cultivation. Various circumstances have obstructed the work and at the end of the period we are dealing with it was as yet only possible to assign to the colonists about 1,500 deciatines prepared for cultivation. It is, however, hoped that the work may be resumed with greater energy and the enterprise successfully terminated within two or three years.

§ 5. <sup>3</sup>ROAD CONSTRUCTION IN THE BLACK SEA PROVINCE.

We know already that the problem of road construction is of the same importance for the Black Sea Province as that of irrigation for the Transcaucasian Steppes.



As long as the inland districts of the Province remain isolated from the rest of the world owing to the complete absence of roads, no serious and efficient colonisation can be undertaken. Unhappily, the lack of funds here also hinders the action of the authorities just as it does in Transcaucasia.

In 1903, a special commission prepared a plan for a whole system of roads. The necessary money had already been assigned for the purpose, and the work was about to commence when the war with Japan obliged the Government, for the moment at least, to abandon the idea.

On the conclusion of peace, the plan was at once resumed, it is true, on a considerably reduced scale, in consideration of the financial conditions of the moment. It was proposed to construct altogether 560 versts (580 kilometres) of roads between 1906 and 1912 and to place on the estimates for the corresponding years the amounts required for the work.

It was even necessary to reduce this more limited programme. A combination of disastrous circumstances impeded the work and, in fact, during the period in question it was only possible to complete 127 versts of the 560 intended; on January 1st., 1913, 112 other kilometres were in course of construction. The expenditure up to that date had been more than 1,000,000 roubles.

The general improvement of the economic conditions of the Empire fortunately permit of the hope of a considerably more rapid and more energetic construction of the roads in the province in the future. Thus, in the year 1913 alone, it was possible to assign an amount of 500,000 roubles for the purpose, amounting to the half of the total expenditure between 1906 and 1912 and, thanks to this increase of the Government subsidies, the Colonisation Commission may not only actively push on the completion of the roads already begun, but also undertake the construction of about 80 new kilometres, by means of which 1,100 single colonists' holdings, up to the present without roads, will be placed at the disposal of the colonists flocking in from every side.

Finally, the Government has decided to assist the work of the Colonisation Commission, undertaking immediately at its own expense the construction of various large arteries of communication, which will greatly facilitate access to certain regions now beyond the limits of civilisation.

In fact, we may hope that the serious problem of the roads of the Black Sea Province will soon be satisfactorily settled and will render that province one of the regions to which Russian Colonisation will most readily tend.

#### § 6. MEASURES FOR THE PROMOTION OF THE ECONOMIC WELFARE AND EDUCATION OF THE COLONISTS.

In addition to the measures in regard to the land itself, intended to render it fit for cultivation and accessible to colonisation, the Colonisation Commission has attempted, in conformity with its rules, to carry out

quite another series of measures for both the material and intellectual well being of the colonists.

Taking thus into consideration the large cost of their an initial establishment, whether among the virgin forests of the Black Sea Province or in the Transcaucasian steppes, where there is absolutely no building material, the Commission has attempted to assist the colonists by the provision of cheap building material in such places where it is not to be obtained on the spot, and the grant of subsidies in money for their installation.

In the period with which we are concerned the, total amount of subsidies granted in this way was 670,570 roubles 10 kopecks, distributed over the various years, as follows :

In 1908 . . . . .	110,043.14 roubles
1909 . . . . .	89,194.73    "
1910 . . . . .	164,626.96    "
1911 . . . . .	119,205.27    "
1912 . . . . .	187,500.00    "
Total . . . . .	670,570.10    "

Part of this sum, that is about 104,143.64 roubles, was assigned in grants properly so called, that is, with no obligation of repayment, conceded, as an exceptional measure to certain groups of Russian colonists formerly established on the Turkish territory and now transferred, some of them to the Muchansk steppe and some to the Provinces of Kutais and the Black Sea.

The remainder of the amount mentioned was distributed under the form of loans on favourable terms. Finally, the value of the building material at the disposal of the colonists was about 300,000 roubles.

Independently of these strictly personal grants, considerable sums have been assigned for the promotion of the general welfare of the colonists. These amounts in the period we are dealing with were almost entirely grants not to be repaid, distributed over the various years as follows :

In 1908 . . . . .	89,951 roubles
1909 . . . . .	109,393    "
1910 . . . . .	75,000    "
1911 . . . . .	118,294    "
1912 . . . . .	43,360    "
Total . . . . .	435,998    "

The greater part of this sum was employed on the building of churches, chapels and schools, as follows :

Regions	Cost of Buildings. In Roubles.									
	1908		1909		1910		1911		1912	
	Churches	Schools	Churches	Schools	Churches	Schools	Churches	Schools	Churches	Schools
Black Sea . . . . .	—	—	—	—	—	6,000	—	20,000	—	—
Baku-Daghestan . . . . .	4,250	8,000	2,152	8,554	—	23,500	28,000	16,000	—	—
Jellisavetpol . . . . .	500	—	56	36,950	—	12,000	—	8,000	20,751	2,816
Tiflis-Kars . . . . .	—	1,000	150	8,500	—	17,200	8,974	4,000	118	—
Total . . . . .	4,750	9,000	2,358	54,004	—	58,700	36,974	48,000	20,689	2,816

Or for the whole of the Caucasus:

Construction of Churches . . . . .	64,771	roubles
"      " Schools . . . . .	172,520	"
Total . . . . .	237,291	"

The large amount spent on the building of churches as compared with that spent on Schools is due to the fact that, the inhabitants of the Caucasus all belonging to religions different from that of the Russian colonists, it was necessary to provide for the religious needs of the latter by the erection in each colonisation centre of at least one chapel for the Orthodox worship.

The rest of the amount in question was spent on various works of public utility, for the installation of model farms, agricultural stations or experimental farms, and for undertakings of special utility for the region: silk factories, model dairies, cotton plantations, etc., purchase of stallions and bulls, importation of seeds and chemical manure, installations of machinery and supply of agricultural machines etc.

## § 7. SANITARY MEASURES

Among the measures taken with a view to the greater welfare of the colonists, those for an improved medical service in the region deserve special mention. The amounts assigned for the purpose in the period 1908-1912 were as follows:

In 1908	67,228	roubles
1909	90,000	"
1910	110,000	"
1911	147,765	"
1912	202,500	"
<hr/>		
Total	617,493	"

Out of this total the following amounts were spent on the erection of medical stations and hospital buildings :

In 1908	9,000	roubles
1909	22,000	"
1910	24,200	"
1911	33,900	"
1912	38,200	"
<hr/>		
Total	127,300	

The importance of the results thus obtained is seen in the following table in which we give the number of medical stations founded in the period with which we are dealing, their character, the total number of consultations for the various years and of the cases of malaria treated.

Year	Total Number of Medical Stations Working		Consultations	Number of Cases of Malaria
	Managed by Doctors	Managed by Health Officers		
1908	4	20	35,903	14,353
1909	4	34	107,730	41,535
1910	6	38	115,579	52,319
1911	7	43	84,575	32,942
1912	9	51	104,891	44,071
<hr/>			448,678	185,220
Total	9	51		

As it is impossible to offer the medical staff sufficiently good terms, the Colonisation Commission was obliged during all the period under consideration to accept simple military nurses as health officers, and to endeavour to perfect their technical knowledge by means of a special course given at the headquarters of the Commission and lasting one year. Since then, the general economic conditions have fortunately improved considerably and, since 1911, the Commission has been gradually able to replace the nurses by health officers who have completed their studies in the special Government schools. It is to be hoped that the substitution may be made in all the medical stations, by the end of the year 1914.

About the same time, the work of medical assistance for the colonists will be further improved by the institution of homes for midwives of whom several have already been engaged.

To complete our account of the measures taken by the Colonisation Commission, let us further note that since 1912 two ambulance corps have been formed, especially intended to assist in the fight against malaria, which, as seen from the figures in the above table, is very common in some districts of these provinces. Apart from the directly practical results already obtained by this means, consisting principally in a reasonable and efficient organisation of the struggle against this terrible scourge, the two corps have been able to collect most important scientific and statistical material for the study of the question. This material is stored at the special laboratory founded in 1912 at the head quarters of the Colonisation Commission.

We close this brief sketch with the two following tables, showing the successive progress of the work of Government colonisation in the Caucasus, as well as the state of this colonisation on January 1st., 1913.

*Annual Progress of Colonisation in the Caucasus up to 1913.*

Years	Land Prepared for Colonisation each Year			Number of Single Lots Assigned to Institutions of Public Utility	Land Assigned to Russians already Established in the Caucasus			Land Assigned to Natives of the Provinces			Total Land Assigned or to be Assigned to Immigrants on December 31st. of each Year		
	Number of Colonies	Area in Deciatines	Number of Single Lots		Number of Colonies	Area in Deciatines	Number of Single Lots	Number of Colonies	Area in Deciatines	Number of Single Lots	Number of Colonies	Area in Deciatines	Number of Single Lots
Up to													
1907 . . . .	147	243,377	28,435	—	—	—	—	8	21,338	2,122	139	222,039	26,313
1907 . . . .	22	15,203	1,951	—	—	1,836	405	1	3,315	453	160	232,091	27,406
1908 . . . .	32	44,819	6,833	135	10	13,529	1,033	5	13,251	2,107	177	250,130	30,840
1909 . . . .	83	88,666	15,968	80	—	1,715	147	3	1,912	516	257	335,169	46,189
1910 . . . .	92	91,152	18,082	31	1	2,680	169	47	36,664	7,839	301	386,977	56,232
1911 . . . .	50	42,286	6,940	676	—	—	—	3	1,451	397	348	427,812	63,099
1912 . . . .	20	60,678	1,787	424	—	—	—	—	1,112	265	368	437,378	63,097
Total . . . .	446	536,181	79,996	1,346	11	19,760	1,764	67	79,043	13,699	368	437,378	63,097

*General Situation of the Colonisation of the Caucasus on January 1st., 1913.*

Provinces (Governments) or Districts	Land Prepared for Colonisation			Number of Single Lots Assigned to Works of Public Utility	Land Assigned to Russians Already Established in the Caucasus			Land Assigned to Natives of the Caucasus			Land Assigned or to be Assigned to New Immigrants			Average Area of Single Lots
	Number of Colonies	Area in Deciactines	Number of Single Lots		Number of Colonies	Area in Deciactines	Number of Single Lots	Number of Colonies	Area in Deciactines	Number of Single Lots	Number of Colonies	Area in Deciactines	Number of Single Lots	
Province of the Black Sea . . . . .	135	97,966	9,516	—	—	—	—	—	—	—	135	97,966	9,516	10.1
District of Kuban . . . . .	28	46,400	6,311	607	—	—	—	2	782	220	26	45,618	5,484	9
"  "  Terak . . . . .	10	9,604	3,124	—	—	—	—	7	5,605	1,846	3	3,999	1,278	3.1
"  "  Daghestan . . . . .	5	7,610	1,152	6	—	—	—	—	—	—	5	7,610	1,146	7
Province of Baku . . . . .	74	146,219	30,693	378	3	3,286	259	3	14,378	2,693	68	128,355	27,363	4.8
"  "  Jelisavetpol . . . . .	62	83,598	9,369	170	1	2,680	169	9	19,257	2,460	52	61,661	6,446	9.9
"  "  Tiflis . . . . .	33	38,772	6,608	123	7	12,310	1,200	3	4,170	765	23	22,272	4,511	5
District of Kars . . . . .	22	42,509	3,491	29	—	—	—	4	4,257	689	18	38,252	2,773	14
Province of Erivan . . . . .	14	28,109	2,496	—	—	—	—	4	9,958	615	10	18,241	1,881	10
District of Batum . . . . .	1	2,485	273	33	—	1,464	117	—	—	—	1	1,021	123	9
Province of Kutais . . . . .	2	1,817	445	—	—	—	—	—	—	—	2	1,817	445	4
District of Suchum . . . . .	60	31,002	6,518	—	—	—	—	35	20,436	4,411	25	10,566	2,107	5
Total . . . . .	446	536,181	79,906	1,346	11	10,760	1,754	67	79,043	13,699	368	437,378	63,097	7

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

THE INTERNATIONAL INSTITUTE OF AGRICULTURE, *Journal of the Board of Agriculture*. Vol. XXI,  
No. 6. September, 1914.

We note with pleasure that the *Journal of the Board of Agriculture* devotes a short article in the September number to the work of the International Institute of Agriculture.

The writer, after referring briefly to the foundation of the Institute as the result of an International Conference called upon the initiation of the King of Italy, describes the internal organisation of the Institute itself and outlines the various branches of its work in the interests of all engaged in agriculture. The article deals more particularly with the questions upon the study of which the Institute, in accordance with the resolutions of the last General Assembly, is at present engaged, and notes that reports are being prepared upon the collection of statistics relating to cattle, meat and milk, upon fodders and concentrated food-stuffs, and upon ocean freights on agricultural staples.

We are convinced — and it is not likely that anyone will dispute the point — that the utility of the Institute depends to a very large extent upon the publicity given to its work, and it is for this reason that we welcome the appearance of this article.

### VARIOUS COUNTRIES.

BALKAN REVUE. Monatschrift für die wirtschaftlichen Interessen der Südosteuropäischen Länder (*Monthly Review for the Economic Interests of the South East European Countries*). Berlin. Balkan-Verlag, since April, 1914, a monthly journal of about 100 pages. 8vo. Annual subscription 24 marks ; 30 francs.

One of the greatest difficulties in the way of the study of the economic and social life of the States of the Balkan peninsula is the extraordinary variety of languages in use in these countries. It is certainly not a very common thing to know at once Turkish, Greek, Bulgarian, Servian, Roumanian and Albanian, to mention only the official languages. So that general



studies on the Balkan countries are as a rule based on the works published extensively in one or other of the great European languages, by the countries concerned, and generally presenting the serious defect of being too exclusively political and often not at all impartial. Under these conditions, we can only welcome with the keenest satisfaction the appearance last April in Berlin of a new review in German, dedicated quite specially to the general study of the economic and social conditions of all the Balkan States and conducted by persons whose names not only inspire full confidence but are also a guarantee of absolute impartiality.

The editor of the *Balkan-Review*, Dr. Paul Schwarz of Berlin, has succeeded in bringing together not only the principal Western specialists in Balkan matters, such as E. Ehrlich, H. Hirschberg, E. Jäckh, O. Kessler, H. von Strahlheim and others, but also a group of select collaborators among the most eminent persons to be found in the Balkan countries. Let us mention among these: for Greece, E. Anastassiades, E. Andreadis and I. Koronis; for Roumania, C. Halaceanu, G. Murgoci, and C. Osiceanu; for Bulgaria, G. Th. Donailow, P. Lessinoff and K. G. Popoff; for Turkey, F. v. Vincenz; for Servia, the Minister of Commerce of the Kingdom, D. K. Stojanowitch etc.

Each number of the Review consists of two separate parts: the first containing two or three detailed studies of some important question, the second including current news, often very complete, referring to all the Balkan countries, arranged as follows: (1) General Politics and Economics, (2) Legislation, Administration and Army, (3) Communications, (4) Rural Economy, (5) Chronicle of Finance and the Exchanges, and lastly (6) Bibliography and Criticisms of Books.

Among the articles so far published by the Review, let us mention, as illustrating the programme carried out, *The Economic Situation of Bulgaria after the War*, by P. Lessinoff; *The Economic Conditions of Albania*, by K. Steinmetz, *The Eastern Railways Problem*, by J. Mendel; *The Industrial Development of Bosnia*, by M. Gerbel; *The Economic Value of the Aegean Islands*, by F. V. Vincenz; *The Intellectual Life of Bulgaria*, by H. Hirschberg, *The Finances of Bulgaria*; *The Tobacco Monopoly* etc. Thus we see the contents are most varied and most instructive.

Recommending the new Review to all who are interested in the complicated and interesting problems of the economic and social life of the Balkan States, we can only hope that the serious crisis through which Europe is passing at this moment will not prevent the continued publication of the *Balkan Review*.

## BRAZIL.

GROSSI (Prof. Dr. VINCENZO) : STORIA DELLA COLONIZZAZIONE EUROPEA AL BRASILE, E DELLA EMIGRAZIONE ITALIANA NELLO STATO DI S. PAULO. (*History of the European Colonisation of Brazil and the Italian Emigration to the State of São Paulo*). Rome, 1914. Società editrice Dante Alighieri. 16mo. pp. 558. Frs. 10.

The flattering success with which the first edition of this book was received in 1905, has induced the author to prepare a second, considerably revised and enlarged by the addition of material relating to the interval elapsed since the first was published.

In the first part of the work the author is concerned with the period of Portuguese colonization, and explains the legal and administrative organization and the economic and social evolution of the colony.

He then considers the home colonisation of the country, since its independence and gives important information in regard to the history of these colonisation operations and numerous statistics of the emigration from Europe to Brazil since that date up to the present day. This part of the book is specially interesting, as we find reproduced in it in full the principal legislative provisions of the Brazilian Government in respect to immigration and home colonisation. Some of these provisions, as they date from after 1905, could not appear in the first edition.

The volume closes with an appendix, which might very well be considered as a separate division of the book, in which the author studies at length the agricultural and economic situation of the State of São Paulo and the conditions of Italian immigration in that State. Very considerable interest will be excited by the account of the means adopted or proposed by the two countries for the encouragement and regulation of this current of immigration.

By way of introduction to this work, which is of great importance in the economic literature of Latin America, the author gives a brief account of the natural wealth of Brazil, from the point of view of economic geography.

## ITALY.

ANNUARIO STATISTICO ITALIANO (*Italian Statistical Yearbook*). Second Series. Volume III. Year 1913. Direzione Generale della Statistica e del Lavoro. Rome. Tip. Nazionale di G. Bertero e Co. 1914. 466 pp.

This is the 3rd. volume (1913) of the second series of the Italian Statistical Annuals, the publication of which was begun under the instructions of the Minister, the Hon. F. Nitti, by the late Prof. Giovanni Montemartini, General Manager of Statistics and Labour.

This volume, of ampler dimensions than that for 1912, contains numerous statistics, both relating to subjects dealt with in the earlier annals and also to new ones.

The various chapters deal with climate, territory and population, health and sanitation, benevolence and public assistance, education, foreign trade, agriculture, industry, the finances of the State, the Provinces, the Communes, etc.

As far as concerns the administrative divisions, information is given not only in regard to provinces but also to the more important communes.

The volume is enriched with a series of diagrams, some of which refer to matters now for the first time so treated.

A special merit of this annual is the comparative synoptic table for the several years from 1881, showing the principal facts that may be considered as indicative of the economic movement, that is, the movement of population, foreign emigration, the principal agricultural products, the prices of wheat, the development of steam boilers, railway, postal and telegraphic communications, the amount of savings, the principal sources of revenue and expenditure of the State, the communes and the Provinces etc.

GUARNIERI F.: LA QUESTIONE AGRARIA NEL CREMONESE, CONDUTTORI DI FONDI E CONTADINI (*The Land Question in the Province of Cremona. Farmers and Peasants*). Cremona, 1915. pp. 156.

We have here a study, by one profoundly acquainted with men and things, of one of the aspects presented by the land question in "a district in which intensive farming on the capitalistic system is already completely developed."

Commencing with an examination of the conditions of the rural classes of the Province of Cremona before 1890, the Author goes on to deal with the transformation of the relations between farmers and peasants from the economic, social and political point of view: devoting a large part of the work to an account of the struggle between farmers and peasants and the problems connected with it, ending with a chapter on profit sharing and collective farming, in which he shows how collective farms under divided management may substitute, as has happened in some provinces, the large tenant farmer on contract (*gabellotto*) who sublets the farm in lots, but can hardly now substitute directly, under a regime of free competition, the farmer on lease in the district of Cremona, who has capital, technical capacity, enterprise and courage.

## RUSSIA.

Сельскохозяйственный Обзор по Закавказью за 1912 г. изд. Статистического Бюро Императорского Кавказского Общества Сельского Хозяйства (*Examination of Transcaucasian Agriculture in the Year 1912, Published by the Statistical Office of the Imperial Society of Agriculture of the Caucasus*). Tiflis. Government Press, 1913. large 8vo. pp. VIII. 232 208.

The Yearbook the Statistical Office of the Imperial Society of Agriculture, published every five years, is based on the regular detailed reports the Office receives from correspondents in the whole area under the viceroy. These correspondents, the number of whom increases every year — they are now more than a thousand — are principally selected among the working farmers or among persons in direct relation with the agricultural classes, such as priests, school masters etc. The material so collected is utilised in two ways. Systematically classified in the Office and checked and completed in the various divisions of the Society, it is partly used for the preparation of monographs for the first part of the Yearbook and partly for the statistical tables making up the second part.

Owing to this solid organization, the Yearbook, very unambitious at the start, is continually improving and gives accurate and complete statistics for all the very varied branches of the agricultural economy of the Caucasus.

The first part of the volume recently published, under the editorship of M. P. Petrowitsch, contains the following monographs :

(1) Transcaucasia in 1912 from the Agricultural Point of View, (2) Meteorological Conditions in 1912, (3) Hail and the Damage Caused by it in Transcaucasia in 1912, (4), Enemies of Plants in Transcaucasia, (5), Agricultural Produce in 1912, (6) Vintage and Fruit Harvest in Transcaucasia, and, finally, (7) Livestock Improvement in Transcaucasia in 1912.

The editors of the Yearbook state that the limited time at their disposal did not permit of the publication in the 1912 volume of certain monographs on agricultural credit, farm improvement, sericulture and the cultivation of cotton in Transcaucasia. They will be revised and published in the next Yearbook.

The second part of the Yearbook includes a series of very detailed statistical tables (36 in all), in relation to the subjects dealt with in the first part or other branches of Transcaucasian agricultural economy. In this direction also the present Yearbook marks a very considerable advance on those of previous years, and the editors give hope of further innovations in the future. One of these should, in our opinion, be the adoption of indications in two languages, French and Russian, for the statistical tables, instead of only Russian. The excellent work of the Imperial Society of Agriculture of the Caucasus would thus be placed within the reach of many whom it would interest and who do not understand Russian.





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BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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# Part I: Co-operation and Association

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## SPAIN.

### MISCELLANEOUS INFORMATION.

1. — MEETING OF THE CATHOLIC AGRICULTURAL FEDERATIONS OF LEON AND CASTILE. — The last meeting of the Catholic Agricultural Federations of Leon and Castile recently held at Valladolid was without any doubt one of the most important manifestations of the development of the movement in favour of association and co-operation in the rural districts of Spain.

The following federations were represented at it; the Catholic Agricultural Federation of Palencia; the Federation of the Catholic Agricultural Syndicates of Rioja; the Federation of the Diocese of Burgos; that of Astorga; the Mirobrigense Federation (Ciudad Rodrigo); the Federation of the Mountain (Santander); that of the diocese of Osma and the Vallisoletana Federation, in all eight federations. The whole number of syndicates represented by these federations was 650, with a total of 150,000 peasant members.

We shall give some account of the debates at this meeting, first pointing out that it is through its action that the idea of economic and social solidarity has spread among all its adherent associations. Considering the advantages of the association of all the efforts of the separate federations, it was decided to group them into one confederation in the shortest possible time. With this object in view, each of them was directed to draw up a code of rules to be subjected to examination by a Commission which will adopt the most suitable, or draw up another code, making use of the best suggestions in each.

Another subject considered at the meeting was that of collective purchase and sale by the united federations. Accordingly, it was decided to buy mineral manures for autumn use. With a view to this, each federation was to obtain orders from its syndicates before June 1st., and

when all had been sent in they were to be forwarded to the Federation of Valladolid before the 5th. of the same month, so that notice might be given, in the name of all the Federations, to suppliers, before the 10th. in order that estimates might be received up to the 20th., when it was to be decided to which of them the contract should be given.

It was unanimously decided that all the united federations should protest against any abuse by which any syndicate or federation, might suffer, and any association thus suffering should give notice of the circumstance to the others. The meeting also decided to publish a bulletin to be the organ of the federations of Castile and Leon: selecting the *Boletín de Acción Social Católico-agraria de Castilla la Vieja*, already in existence.

Finally, after much consideration, a petition signed by the representatives of each federation was addressed to the Government; it contained the following requests:

(1) That the Royal Delegation of *Pósitos* might grant to agricultural syndicates of unlimited joint and several liability, and to the federations which they represent, the surplus resulting from the liquidation of the *Pósitos* at a very low rate of interest. (1).

(2) That, in modifying the law regulating the Banco di España, it should be made compulsory for the Bank to devote large sums to loans in favour of agricultural associations of unlimited joint and several liability, either not at interest or at a very low rate.

(3) That the Government should give a favourable answer, with the least possible delay, to requests from syndicates for official recognition; and declare all the privileges granted to them by the law of January 28th., 1906 to be in force.

As may be seen in the article published in the last number of this Bulletin (2) it is clear from the two Royal Orders there mentioned that the two last requests have been fully and fairly taken into consideration by the Government. Thus the practical results of the meeting have been most excellent, proving that the ideal of rural co-operation and association is continually making progress in the minds of the Spaniards.

(Summarised from the *Revista Social Hispano-Americana* of Barcelona).

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2. — THE WORK OF CERTAIN CATHOLIC AGRICULTURAL ASSOCIATIONS IN 1913. — To show the development of the association movement in the rural districts of Spain, we now give some data as to the work of certain Catholic agricultural institutions in 1913.

*Federation of Catholic Agricultural Syndicates of La Rioja.* — At the last annual meeting of the syndicates forming this federation, held at Lo-

(1) In regard to the tendency towards the final organisation of the *Pósitos* implied in this clause, see the number of this *Bulletin* for June, 1914, p. 78.

(2) See article entitled *Two Royal Orders of Importance for the Agricultural Syndicates*, in the number of this *Bulletin* for October, 1914, p. 22.

groño, a report of its work in 1913 was read. In the course of the year 15 new syndicates joined, so that the federation now comprises 73 syndicates, all working actively and registered according to law.

In the year, the Fomento Department granted the Federation as a bonus the sum of 3,084 pesetas, which was distributed among the viti-culturists by the Board of Management in the proportion of 94 pesetas to each labourer, and 174 to each proprietor working his own farm.

From the report of the federation, we reproduce the following table, showing the value of the articles furnished in 1913 to the members.

	Value in pesetas
American Vines . . . . .	9,386
Seeds . . . . .	6,925
Trees . . . . .	932
Machinery . . . . .	3,095
Apparatus for Wine Making . . . . .	1,947
Sulphate of Copper . . . . .	27,287
Flowers of Sulphur . . . . .	16,636
Spring Manure . . . . .	20,533
Autumn Manure . . . . .	353,689
Articles of Consumption . . . . .	116,000
Other Articles . . . . .	27,216
Total . . . . .	583,646

Besides this, in the months of January and February, the Federation purchased for its members 52,125 grafts, 11,900 vines, and 104,414 slips.

Hitherto, only a few sales in common have been made by the federated syndicates. We shall mention the chief of these, pointing out that the Federation considers them only as *experiments in co-operative sale*.

The syndicate of Uruñuela, in order to secure its members against usury, granted them advances in money on their barley crop, long before the harvest, fixing a minimum price of 4.50 pesetas per *fanega* (33 kg.), the seller retaining his right to any profit made at the sale. The syndicate sold the 272 *fanegas* which it had purchased from its members as above indicated, at 7.50 pesetas, thus realising a total of 2,040 pesetas, and obtaining for the sellers a profit of three pesetas per *fanega*, making a total of 816 pesetas.

The result of this transaction appears the more remarkable when we remember that in former years, the farmers, under the burden of necessity, were obliged to dispose of a great part of their barley crop before the harvest to monopolists at prices varying from 3.50 to 4 pesetas per *fanega*.

Now we shall mention another operation conducted by the same syndicate.

The small farmers being anxious at the time of the vintage, on account of the small number of buyers who appeared and who offered no more than 1.50 per *arroba* (11.50 kg.), requested the syndicate to attempt sell-

ing collectively. This was effected on the same basis as above, though the transaction was rather more complicated than that before mentioned; the syndicate buying 4,704 *arrobas* at a minimum price of 1.25 pesetas, for a total amount of 5,880 pesetas. The amount offered by the monopolists was 1.50 pesetas per *arroba* and would have given altogether 7,056 pesetas. Now the syndicate has sold the wine made from these grapes at 4.20 pesetas per *cántara* (16 litres), for altogether 9,878 pesetas. The operation, which, as has been shown, includes the wine making, is not yet concluded, but the syndicate affirms that, in the end, the members will obtain 0.40 pesetas per *arroba* more than was offered by the monopolists.

The syndicate of Uruñuela has shown that the money needed for this kind of transaction, usually effected in a relatively short period of time, can be raised by means of loans.

From the following balance sheet of December 20th., 1913, it will be seen that the economic position of the Federation is very satisfactory, in spite of its limited resources.

Assets			
Cash in Hand . . . . .	27,780		
Personal Estate . . . . .	547		
Stores . . . . .	1,617		
Current Accounts (Debtors) . . . . .	190,286		
Banco Rojano (c/c) . . . . .	90,766	240,996	
Liabilities			
Current Accounts (Creditors) . . . . .	29,366		
Bills to Pay . . . . .	201,269	239,635	
Balance . . .			10,361

*The Leo XIII People's Bank.* — We reproduce the following data from the report for the financial year 1913. During that period this bank granted loans to agricultural syndicates to the amount of 628,854 pesetas, representing an increase of 162,339 pesetas on the amount of the loans granted in 1912, which was only 466,515 pesetas. An idea of the extent of the transactions conducted by this bank may be obtained from the table given below, which shows the amounts of the loans granted, the amounts repaid, and those not repaid at the end of each of the five financial years, from 1909 to 1913.

Year	Loans Granted	Amounts Repaid	Balance of Loans Due at the End of the Year
1909 . . . . .	297,925	234,331	238,859
1910 . . . . .	324,980	280,431	293,408
1911 . . . . .	411,000	317,650	376,757
1912 . . . . .	466,515	424,260	419,012
1913 . . . . .	628,854	453,842	594,023



It has been possible to meet the increased demand for loans by means of the subscription of bonds remaining with the Bank up to the end of the preceding year, and more especially by the issue of shares to the amount of 150,000 pesetas, of which 20,000 pesetas are still to be disposed of.

Although the scarcity of money was an inducement to increase the rate of interest by  $\frac{1}{2}\%$ , as the Banco de España and other credit institutions have done, the Leo XIII Bank preferred to make no change in the interest on loans, though it was obliged to pay the difference on current accounts opened for it.

This and the expenses of advertising during the year have somewhat diminished its profits.

Besides these particulars derived from the report, we shall mention, according to information which has been furnished to us directly, in regard to the current year, that the amount of the shares up to June 1st., 1914 was 350,000 pesetas. Of the 195 agricultural syndicates connected with the Bank, 126 had obtained loans at that period.

The balance at the end of the year 1913 amounted to 654,643 pesetas, and the profits realised to 6,540 pesetas.

*The Catholic Agricultural Federation of Palencia.* — At the annual meeting of the Catholic Agricultural Federation of Palencia, which includes 80 syndicates in that province and in Leon, Segovia, and Zamora, report was made of the financial situation, which shows the prosperity of the federation, since in only five months of working it has made a net profit of 2,101 pesetas.

The total value of the consignments made to the syndicates through the intervention of the Federation, that is of articles of consumption, manure, machinery, etc., amounted, in the above mentioned period, to 209,910 pesetas; that of the loans granted to the syndicates to 13,801 pesetas; and the Federation also granted them various facilities for the payment of the sums due.

Besides, the Federation has opened a central savings bank where deposits can be made in current account at 3 % when less than 2,000 pesetas, and 3  $\frac{1}{2}\%$  when more than that amount. This bank has already received deposits to the total amount of 15,777 pesetas. But, this sum not being sufficient for its development, the Federation has opened a credit account with the *Banco de España*, so as to meet all demands of the syndicates.

(Summarised from the Report of the Federation of Catholic Agricultural Syndicates of la Rioja, of Logroño, and the Paz Social of Madrid).

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3. — FOUNDATION OF THE AGRICULTURAL CHAMBER OF INFANTES. — In conformity with the Royal Decree of November 14th., 1890, the Agricultural Chamber of Infantes (Province of Ciudad Real) has just been constituted.

According to the Royal Decree of 1890, those associations are considered official agricultural chambers which are of permanent character, and which, using their constitutional liberty, conformably to the law of 1887 on associations, unite Spanish citizens for the purpose of defending and promoting the interests of agriculture, of rural property, of crops and rural industries, whatever may be the procedure or methods they have adopted or may adopt within the limits of the law, for this end.

To be considered as officially organised, the constitution of an agricultural chamber must be recognised by a Royal Decree authorised by the Fomento Department. This recognition will be granted to any association requesting it, on its complying with certain conditions in regard to its constitution and organisation.

Over and above the inherent rights of associations of public interest, agricultural chambers are among other things permitted; (a) to found *montepios*, and savings and insurance banks for the benefit of their members, registry offices for agricultural labourers, and asylums for the aged and incapable; (b) to buy and resell or hire out to their members, machinery, implements, manure, seed, and livestock, and to guarantee payment in case of purchases of any of these articles made directly by their members; (c) to receive deposits of all kinds, to open current accounts, and to undertake, for a commission, to pay letters of exchange and of credit, or to sell fruit and agricultural produce, for their members; (d) to contract loans to enable them to conduct these operations, in which case the individual liability of every member is to be fixed in the Rules; (e) to encourage agricultural education and to arbitrate in case of differences arising among merchants, manufacturers, and agriculturists, to organise exhibitions, to suggest to the public authorities measures calculated to promote the development of agriculture etc.

Independently of the grants the Government may make to these institutions, their expenses will be defrayed by the contributions of their members.

The Agricultural Chamber which has been constituted at Infantes is based on the principles of mutual credit and unlimited joint and several liability. Its chief object is to encourage agriculture by granting loans at low interest to its members, or by the purchase of seed, plants, manure, agricultural machinery, breeding stock, and all requisites for agriculture and livestock improvement. It also proposes to organise the protection and defence of farms, crops, and cattle, by forming, as soon as possible, a farmers' community (1) and instituting at the same time insurance of crops and buildings, as well as of the machinery and implements used by their members in their work and of their livestock.

The members of this Chamber may be honorary, full or occasional. The honorary members are those who, in the opinion of the General Meeting, deserve this distinction for moral or material assistance given to the Chamber; they will be exempt from all contributions, charges, or oblig-

(1) See the number of this Bulletin for August, 1914, p. 14.

ations. The full members, besides their monthly contributions, pay 25 pesetas as entrance fee. The occasional members only pay two pesetas per month.

The indispensable conditions for membership are : residence in the neighbourhood, the full enjoyment of civil rights, the proof, by means of receipts, of payment of the land tax, with indication of the holding possessed, showing whether it is held as absolute property or in usufruct, whether it is burdened with mortgages or other charges, and, finally, proof that the member does not belong to any other association the rules of which require the unlimited joint and several liability of its members.

Women enjoying civil personality and possessing civil rights who apply in due form for membership may become members of the Agricultural Chamber.

The share capital is to be formed by means of entrance fees and the monthly contributions of members, the profits accruing from the business, grants from the State, the province or the commune, and donations.

Members and also outsiders may deposit their capital with the Agricultural Chamber at 5 % per annum, and the sums thus deposited will serve as a guarantee of the share capital as well as of the unlimited joint and several liability of the members.

The loans made by the Agricultural Chamber to its members will be ordinary, extraordinary, and on pledge. Ordinary loans are compulsory, and must not exceed 75 % of the capital of the member ; extraordinary loans are for more considerable sums, and require the security of one or more signatures ; loans on pledge are granted on the security of agricultural products or of livestock, the bank reserving the right to sell all or part of the security in payment of the loan.

To settle the credits to which all members have a right, they are divided into thirty categories, on the basis of the capitalisation, at 1 %, of the annual amount of the rural contribution and 0.3 %, of the urban and industrial contribution.

(Summarised from the "*Lega agraria*" of Madrid).

## ITALY.

### I. THE CO-OPERATIVE LABOUR SOCIETIES AND THE PUBLIC CONTRACTS UNDERTAKEN BY THEM.

#### OFFICIAL SOURCES :

- LEGGE 11 LUGLIO 1889 N. 6216 RIGUARDANTE GLI APPALTI DI LAVORI PUBBLICI A SOCIETÀ COOPERATIVE DI PRODUZIONE E LAVORO (*Law of July 11th., 1889, No. 6,216, on Public Contracts Entrusted to Co-operative Societies for Production and Labour*).
- LEGGE 12 MAGGIO 1904 N. 178 (*Law of May 12th., 1904., No. 178*), Amending Article 4 of the above law.
- LEGGE 19 APRILE 1906 N. 126 PORTANTE DISPOSIZIONI PER LE SOCIETÀ COOPERATIVE DI PRODUZIONE E LAVORO CHE CONCORRONO ALLE PUBBLICHE GARE (*Law of April 19th., 1906, No. 126, containing Provisions in regard to the Co-operative Societies for Production and Labour tendering for Public Contracts*).
- LEGGE 25 GIUGNO 1909 N. 422 SUI CONSORZI DI COOPERATIVE DI PRODUZIONE E LAVORO (*Law of June 25th., 1909, No. 422, on Co-operative Consortiums for Production and Labour*).
- REGOLAMENTO PER LE COOPERATIVE E I LORO CONSORZI AMMESSI A PUBBLICI APPALTI, APPROVATO CON REGIO DECRETO 12 FEBBRAIO 1911, N. 278. (*Regulations for Co-operative Societies and Consortiums Authorized to Undertake Public Contracts, Approved by Royal Decree of February 12th., 1911, No. 278*).
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- MANFREDI (Adv. FELICE) : Manuale per le cooperative di produzione, lavoro e agricole ammissibili a pubblici appalti e loro consorzi (*Manual for Co-operative Societies for Production and Labour and Agricultural Societies, Authorized to Undertake Public Contracts, and their Consortiums*). Published by the National League of Co-operative Societies. Milan, Stab. Tipografico dell'Unione Cooperativa, 1914.

## § I. ORIGIN AND OBJECT OF THE CO-OPERATIVE LABOUR SOCIETIES.

The co-operative labour society is one of the most original forms of co-operation in Italy. Formed amongst workmen, especially farm day labourers and builders, the principal object of such societies is to free labour from subjection to the ordinary contractors and to undertake public contracts themselves.

In some places (Emilia, Romagna), where labourers superabound, they have striven to reduce the amount of unemployment by applying for public contracts and adequately distributing the work among their members.

These societies occupy themselves preferably with the construction and maintenance of roads, bridges and canals, hydraulic works, drainage, irrigation, the regulation and transformation of farms etc.

For the most part they are legally constituted as co-operative societies limited by shares. Among the organizations promoted by the day labourers we may distinguish three species (1): 1st., those only accepting labourers as members; 2nd., those accepting labourers as full members and others as honorary members; 3rd., those accepting labourers and others on equal terms.

The members who carry out the works as a rule receive remuneration, sometimes a fixed daily wage, sometimes so much for the job.

The profits are generally distributed as follows: after deduction of a certain proportion for the reserve fund (usually utilised as working capital) and a suitable amount for special funds, the balance is distributed according to the work done, that is the remuneration received. This is what has been called the *labour dividend* system, with which is often combined payment of interest on shares. In some societies the profits are distributed among the shareholders in accordance with the number of their shares; in others, finally, as at Ravenna, they are divided equally among all the members.

Favoured by special legislative provisions we shall consider in a special chapter, these societies have in recent years extended themselves very widely, owing principally to the immense increase of public works and of building in Italy.

The small and hesitating society, consisting of a hundred unemployed carters and navvies, formed to undertake directly the construction of a short length of embankment, gradually led to the larger day labourers' co-operative society (that of Ravenna, which is the type), which does not limit its action to small works within the confines of its province, but goes here and there with its numerous gangs of members to execute important hydraulic defence works and to reclaim large areas and render them again productive.

(1) See GHINO VALENTI: *Co-operazione rurale* (second Edition). Biblioteca agraria. Pietro Cuppari. Florence. G. B. Barbèra, 1914.

Nor does the co-operative organization of labour stop with the individual local societies, but it has gone on to the foundation of large co-operative consortiums, for the execution of large public contracts, such as the construction of an entire railway (the Reggio-Ciano railway in the province of Reggio Emilia), and the carrying out of large drainage works in Sardinia and Southern Italy. The consortiums of Ravenna, Legnago, Bologna and Milan have in hand drainage, railway and road construction and building contracts for a total amount of several million francs. There are now about 20 of these consortiums.

Again, the large drainage works in the districts of Mantua and Reggio that are costing millions of francs, are principally in the hands of the day labourers' co-operative societies of those provinces. In the districts of Ferrara, Padua and Bologna other important hydraulic works have been executed by the local day labourers' co-operative societies. And embankments have also been completed by the co-operative societies of the provinces of Cremona, Piacenza, Parma, Modena etc.

These characteristic organizations have also led to the formation of other societies, and, indeed, for hydraulic works and the embankment of rivers, the work of bricklayers, carters and quarrymen is almost always needed. These classes of men, engaged in fatiguing work, up to a few years ago received only miserably low wages.

But the example of the day labourers had a salutary effect and in many districts there soon arose specialised co-operative organizations of bricklayers, carters, quarrymen, brickmakers etc., which appreciably improved the situation of the workmen registered with them.

## § 2. THE VARIOUS SYSTEMS OF GRANTING PUBLIC CONTRACTS IN ITALY.

In order the better to explain the principles we shall shortly deal with regulating the grant of contracts to the co-operative societies, it is first of all necessary to mention the existing systems in accordance with which contracts for public works are granted in Italy.

The matter is regulated :

(a) in the case of the State, by the final text of law no. 2,016 of February 17th., 1884 and the Executive Regulations of May 4th., 1885, no. 3,074, as well as by law of March 20th., 1865, Schedule E. (article 319 et seqq.) ;

(b) in the case of Communes and Provinces, by Royal Decree of July 6th., 1890, no. 7,036, included later in the final text of the Communal and Provincial Law of May 21st., 1908, no. 269.

The fundamental principle sanctioned by the above laws on Government accounts, is that " all contracts by which the revenue or expenditure of the State is affected must be put up to public tender, except in cases specially provided for by the law." These cases may be summarised as follows: (a) when it is materially impossible to offer for public tender, and this impossibility may be due to the object of the contract, when

the matter in question is guaranteed by an industrial patent, or it may arise in connection with the machinery or implements, or with special works that can only be carried out by specialised firms or when there are circumstances excluding the possibility of more than one tender, as in the case of renting buildings; the impossibility may also be due to circumstances inherent in the execution of the contract, such as the urgency of providing for the work, the necessity of making purchase of articles in the places of their production or directly from the producers; (b) when, on account of the small value of the contract (10,000 frs. at most), or the special nature of the work, it is not advisable to resort to the complex and expensive method of calling for tenders; (c) in cases of work that must be performed at low cost and not provided for by means of special regulations, on condition that the amount does not exceed 4,000 frs.; (d) when a call for tenders has been ineffectual.

We shall see how the regulations governing the grant of contracts to co-operative societies and consortiums modify the above general rule.

Whilst it is laid down as a principle that the ordinary method to be adopted for the grant of contracts for public works must be a call for public tenders, in exceptional cases contracts may be granted: 1. in accordance with private tender; 2. by private agreement.

Let us briefly consider these three systems:

(a) *Public Tender*. — According to the above mentioned regulations of 1885; when contracts have to be granted after a call for public tenders, the Office which must grant the contract must first of all notify the public, giving at least fifteen days in which the tenders may be presented. In the notice all the fundamental conditions for the tender and the contract must be indicated.

In order to be allowed to make tender, in case of engineering works or new constructions, the applicant must give proof of his capacity by means of a certificate delivered by the prefect or subprefect, six months previous to the date on which the decision is to be made, testifying that he has given proof of competence and sufficient experience in the execution or direction of other similar contracts for public or private works.

If the applicant cannot prove his capacity and presents in his stead a person who unites the above conditions to whom he engages to entrust the execution of the works, the Administration may allow him to tender. This last provision is very important as it allows the association of capitalists and engineers in tendering for contracts.

The tenders of those persons who in the execution of other undertakings have been guilty of negligence or dishonesty towards the Government or towards private persons are not accepted.

The applicant must give security for his good faith, the amount of the security may vary from one tenth to one thirtieth of that of the contract price.

On the day and the hour fixed in the notice, the authorities shall declare the competition open. If an hour passes without at least one or two applicants presenting themselves, in the case of secret tenders, a sec-

and call is made. The procedure must be the same as in the former case, and the contract must be given even if there be only one applicant.

A candle is lit and tenders are accepted as long as it burns (*a candela vergine*), but more frequently the tenders are made in secret. In the first case, which is rare, there is a maximum of cost established in advance. In the second, however, the maximum or minimum is established in advance and entered on a paper which is kept secret, enclosed in an envelope sealed with a special seal and placed on the table before the judges, the seal not to be broken before all the tenders have been received and read. The Administration, in this case, may arrange for tenders to be received simultaneously in various places. This is done in the case of contracts for amounts of over 100,000 frs., for which it is desirable that firms in every part of the kingdom should tender.

The most favourable offer is accepted: the firm receiving the contract must, at the moment of concluding it, give definite security of not less than ten or more than twenty per cent. of the value of the work. This guarantees the strict fulfilment of all obligations assumed by the contractor.

(b) *Private Tender*. — In the case of private competition: (1) By private advice those who are considered competent for the work are invited to appear in a special place on a certain day and at a certain hour to make their tenders; (2) those who are considered competent for the work receive a rough draft in which the work to be tendered for is described and the general and special conditions are shown, and they are asked to return it signed, with indication of the amount for which they are willing to contract.

In the first case, the tenders are made verbally, if so required, or in writing, if the tenders are secret. If not otherwise stated in the notice, the authorities delegated, after inviting the competitors to make new tenders with conditions more favourable than the best presented, make their award in the same sitting and contract with the applicant who makes the most suitable tender.

In the second case, the authorities who have to make award proceed on a day and at an hour, to be notified to the persons invited to tender, in a public session, to open the applications received and grant the contract to the applicant making the most suitable tender, drawing up a report of the firms invited to tender, the tenders received and the award.

(c) *Private Arrangement*. — The public Administration also makes contracts with private individuals.

Neither the law nor the regulations on the general accounts of the State, in establishing the cases mentioned above in which, instead of public tenders being called for, contracts may be stipulated with private individuals, say when private tenders must be called for and when arrangements can be made otherwise with private individuals. But the law of July 17th., 1910, no 511, establishes that when public tenders are not called for private tenders must be, and, only when it is not possible to obtain more tenders or special reasons of convenience advise it, may private negotiations be entered into with individuals. Even the rules for the grant of contracts to co-operative societies establish that private tenders must generally be



called for and private arrangement only resorted to as an exceptional measure.

Let us now examine these rules regulating the co-operative societies and let us see how they modify the principles of common law in regard to public contracts mentioned above.

### § 3. PRINCIPAL RULES FOR THE GRANT OF CONTRACTS TO CO-OPERATIVE SOCIETIES AND CONSORTIUMS.

The development of the co-operative societies for labour in Italy is without doubt largely due to the promulgation of special laws on the grant of contracts to co-operative societies.

The first law that facilitated for the co-operative societies the undertaking of Government contracts was that of July 11th., 1889, no. 6,216, to amend the regulations with regard to the general accounts of the State. It, in fact, provided that co-operative associations for production and labour, legally constituted among workmen, might be invited to tender for contracts or private negotiations might be entered into with them for the same purpose, saving them from the dangers of public competition and, at the same time, giving them facilitations in the matter of payment and in that of the security given. Payment, that is to say, must be made by the State to the societies in instalments, in proportion to the work carried out, and the security must be given, not at the moment of passing the contract, but by means of a stoppage of 10 per cent on every instalment of payment for work done and approved. This provision removes the difficulties such organizations experience in giving the security required by the Administration for the observance of the contracts entered into with it.

But these facilitations were limited in two ways by the law of 1889 : in the first place, in regard to the amount, in the second, as regards the nature of the work, as it only allowed contracts to be given to the co-operative societies for amounts of less than 100,000 francs, the greater part of which was to represent the cost of labour.

This latter limitation was evidently due to the uncertainties and fears that prevailed in regard to the matter.

As it was a question of taking the first steps in an unknown and hazardous direction, it was determined at the time not to sacrifice the principle of public tender and free competition for contracts of industrial character, on the ground that only in cases in which labour is absolutely more important than capital can it do without intermediaries. In reality, at the moment the law was passed, co-operation was still a new thing in Italy and many doubted whether the working classes, with the resources at their disposal, could undertake the execution of public works, which require the constant and intelligent direction of a single strong management. But experience did not justify these doubts, so that, three years later, in 1892, Signor Luzzatti, speaking in Parliament as a Member of the Ministry, recognised that these societies, with the increase of their capital, their reserve funds and the

number of their members, were now in a position to undertake more important contracts and proposed to raise the limit of value of the contracts to be granted to them to 200,000 frs. The reform, however, was deferred another ten years and it was only by law no. 178, of May 12th., 1904, that the Government and the Administrations subject to its supervision were allowed to call for private tenders and enter into private negotiations for contracts of a value of 200,000 frs., with exemption from the necessity of giving security, for works of construction and maintenance, supply and public service, with co-operative associations for production and labour legally constituted among labourers, or with *agricultural co-operative societies* also legally constituted among small farmers. In regard to payment, power was given to issue orders in advance.

The new law, however, abrogating the above condition regarding the greater importance of the labour, recognised the competence of co-operative societies to undertake contracts also of industrial and capitalistic character.

By law of April 19th., 1906, no. 126, the exemption from the deposit of security is also extended to co-operative societies for labour and production that enter for public competition, for contracts of a value not exceeding 200,000 francs; an exemption which, according to the circulars of the Department of Public Works, must be understood as referring not merely to the final security but also to the temporary security deposited, in cases of public and private tenders, in guarantee of the seriousness of the tender.

The above laws were followed by that of June 25th., 1909, no. 422, on co-operative consortiums. This law, favouring the tendency, already long observed among the co-operative societies for production and labour, to unite in consortiums to compete for contracts of greater importance, gave its sanction to the following principles :

1st., that the co-operative societies for production and labour legally constituted may unite in consortiums to undertake contracts for public works in every part of the Kingdom, for the State or incorporated bodies;

2nd., that these contracts may be made with the consortiums by private agreement, provided the amount of the contract does not exceed the total amount of those granted to the individual societies constituting the consortium, and the amount for each work does not exceed 2,000,000 frs. ;

3rd., that, for the formation of the security, the rules in force for the co-operative societies for production and labour are extended also to the consortiums.

These consortiums are constituted by Royal Decree in accordance with the proposal of the Minister of Agriculture, Industry and Commerce, in concert with the Minister of Public Works ; they enjoy full independence, but are subject to the supervision of the Departments of the above mentioned Ministers ; they have civil personality, limited by the rules of the Commercial Code in respect to their commercial operations and as regards all consequences deriving therefrom.

For the execution of the various laws on the co-operative societies and their consortiums, above dealt with, provision is made by Regulations no. 278 of February 12th., 1911.

In the first place, specification is made of the types of co-operative societies benefiting by the special laws on public contracts above mentioned. The absence of any clear indication as to which of the various types of society really benefited by the law was indeed up to that date the reason why many, especially agricultural, co-operative societies abstained from tendering for public contracts. Therefore, the enumeration made for the purpose in the regulations is of fundamental importance. It is as follows: 1st., co-operative societies for production and labour; 2nd., *agricultural co-operative societies*, such as collective farms, co-operative dairies, wine societies, distilleries, agricultural consortiums, co-operative elevators and "every other co-operative undertaking for purposes of agricultural production"; 3rd., mixed co-operative societies, that is, those uniting the objects and characters of some of the above, or with other co-operative objects.

To prevent the foundation of false co-operative societies, the same regulations therefore provide that the number of the members, unlimited according to the commercial code, may not be less than nine, the minimum considered indispensable for the ordinary work of association; they must be workmen in the co-operative societies for production and labour, and small landholders, tenant farmers or metayers in the agricultural co-operative societies.

Further, all the prefectures of the Kingdom must ascertain the true nature and composition of the societies before they are allowed to benefit by the law. For the purpose, a register must be kept in every prefecture, on which must be entered the most characteristic details of the societies that may be allowed to tender for public contracts.

The above regulations also lay down rules for the supervision of the co-operative societies contemplated therein, both as regards the institutions that must exercise it and their functions.

As regards the institutions, the chief supervision is exercised by the State, through the Department of Agriculture, Industry and Commerce. Local supervision is exercised by the "provincial supervision commissions", presided over by the prefects and consisting partly of public officials, and partly of elected members, appointed by the co-operative societies entered on the prefects' registers.

In regard to the functions of these commissions, they are *consultative*, in respect to registration, suspension and cancellation of the names of co-operative societies on the prefects' registers; *inspectional*, in regard to the organization and working of the societies entered; *completive*, optionally, when they are asked for advice, or when it is held advisable to lay down rules for the societies, for their illumination and the support of their action; *conciliatory*, when the settlement of difficulties arising within the societies is referred to them. Especially must the provincial commissions examine the balance sheets and watch that the co-operative societies registered on the prefects' lists preserve their characteristics and co-operative spirit and respect the laws and their own rules and regulations. And, since without inspection there can be no effectual supervision, it is

provided that the societies must submit to ordinary or periodical, and special inspections.

For this intense local supervision there is an adequate administrative organization at the Department of Agriculture, furnished with the means required for the direction of this service. The work of the Department is carried on with the assistance of an advisory body, the *Central Commission for the Co-operative Societies*, invested with ample powers in all matters appertaining to co-operation and, in respect to the co-operative consortiums, the same functions as the provincial commissions have in respect to individual co-operative societies.

#### § 4. FISCAL FACILITIES FOR CO-OPERATIVE SOCIETIES AND THE PROBLEM OF CREDIT.

Among the facilities of a fiscal character enjoyed by all the co-operative societies and consequently also by the co-operative labour societies, the exemption from stamp and registration duties will be remembered. The co-operative societies are indeed exempted from payment of the above taxes on all deeds within five years from their foundation and up to the moment when their real share capital exceeds 30,000 frs. (final text of the stamp laws, art. 27, no. 9; and of the registration laws, art. 153, no. 3). The law of June 25th., 1909, above mentioned, has further granted the co-operative consortiums the same facilities as the societies. with regard to the stamp laws, as long as their total capital does not exceed 200,000 frs. and the individual societies do not contribute to it more than 30,000 frs. each. The deeds of the Consortiums must, however, be registered at the fixed rate of 1.20 frs. These facilities also have effect during the five years following the foundation of each consortium.

The societies being thus protected from the rivalry of other businesses, and receiving facilities for competing publicly for and undertaking contracts of every kind, another matter had still to be settled, which has grown especially serious recently, owing to the increased activity of these organizations: namely, that of credit.

And, in fact, even co-operative societies that seem most worthy of confidence, sometimes have difficulty in obtaining credit, as it is generally easier to estimate the credit of an individual firm than that of a society and the latter form of enterprise has always to contend against prejudice and doubt.

The Italian Government, however, more and more convinced that co-operation deserves to be encouraged and assisted even in the matter of public contracts, on February 11th., 1910, when Signor Luzzatti was Minister of Agriculture, introduced a Bill for the institution of a *Bank of Labour and Co-operation*, the special object of which was to be to conduct credit business of every kind with co-operative societies for labour and production, legally constituted, consortiums of co-operative societies, people's and workmen's co-operative societies, collective farms etc., especially for the pur-

pose of facilitating the execution of public contracts and home colonisation undertakings.

The Bank was to be founded with an initial capital of 15,000,000 frs., constituted by means of a contribution of 10,000,000 frs. paid by the State, not to be returned and with assistance from the Bank of Italy, the ordinary savings banks, the Credit Institute for the Co-operative Societies etc.

But the Bill did not pass; as, however, it was urgently necessary to provide credit for the co-operative societies, in 1913, there was founded at Rome, on the initiative of the Hon. Signor Nitti, Minister of Agriculture at the time, an *Istituto Nazionale di Credito per la Cooperazione* (National Institute of Credit for Co-operation). Its object was, under the supervision of the Department of Agriculture, Industry and Commerce, to grant credit to co-operative societies of every kind and to their consortiums, legally constituted. The initial capital was fixed at 7,750,000 frs., of which 1,000,000 frs. was contributed by the *Banca d'Italia* (Bank of Italy), 2,000,000 frs. by the National Thrift Bank (*Cassa Nazionale di Previdenza*), 1,000,000 frs. by the Institute for Credit to the Co-operative Societies (*Istituto di credito per le cooperative*) and the rest by the ordinary savings banks of the various provinces of Italy.

Finally, it must be said that, since 1904, the *Istituto di Credito per le Cooperative* (Institute for Credit to the Co-operative Societies), founded at Milan by the *Società Umanitaria*, provides credit to societies for production and labour, which are also assisted by the People's Banks and other credit institutes.

#### § 5. STATISTICS AND INFORMATION IN REGARD TO THE PUBLIC CONTRACTS UNDERTAKEN BY THE CO-OPERATIVE SOCIETIES.

After what has been said, we have only to consider what share the co-operative societies have really had in the public contracts. For the purpose, we shall utilise the official reports and statistics.

The first report on contracts entrusted to co-operative societies was published in 1892 by the Department of Public Works. It was concerned with the period from 1888 to 1891, already showing the successful intervention of labour societies in the domain of contracts.

In 1908, the Treasury compiled a list of co-operative societies for production and labour registered on the prefects' lists and a list of the contracts granted to them by the Government Administrations in the period 1889-1907. The next lists were for the whole of 1908 and 1909, and in these the number and amount of the contracts granted to the co-operative societies by Administrations under Government supervision were also shown.

From this last publication it appeared that on December 31st., 1909, 547 societies were registered on the prefects' lists, most of them being societies for production and labour and almost all having their headquarters in the provinces of North and Central Italy. Between 1889 and 1909,

3,434 contracts were given to co-operative societies by the Government Administrations, for a total amount of 70,741,346.92 frs., there being an amount of 14,273,927.15 frs. for the years 1908 and 1909 alone. The provinces in which the largest number of these contracts were granted between 1889 and 1909 were :

	Number
Rome . . . . .	545
Ravenna . . . . .	527
Genoa . . . . .	304
Padua . . . . .	299
Ferrara . . . . .	222
Reggio Emilia . . . . .	190
Bologna . . . . .	173
Rovigo . . . . .	109
Verona . . . . .	107
Modena . . . . .	90 .

The amount, was, however, distributed among the same provinces, as follows :

Ravenna . . . . .	frs.	16,476,529.71
Padua . . . . .	»	9,430,164.81
Bologna . . . . .	»	7,572,339.63
Ferrara . . . . .	»	7,008,991.03
Verona . . . . .	»	4,277,738.77
Genoa . . . . .	»	3,657,454.17
Rome . . . . .	»	3,157,159.15
Rovigo . . . . .	»	2,720,007.41
Reggio Emilia . . . . .	»	1,258,857.45
Modena . . . . .	»	1,802,977.86

The report in question showed a total amount of 18,104,856.19 frs. for 992 contracts given to the co-operative societies by the provinces, communes, consortiums, benevolent institutions etc.

In this case also, it seemed that co-operative labour on public contracts was almost exclusively confined to certain provinces of North and Central Italy, especially Reggio Emilia (2,142,656.41 frs. for 103 contracts); Bologna (2,099,362 frs. for 144 contracts); Rome (1,175,501.52 for 50 contracts); Genoa (1,041,110.07 for 25 contracts); Florence (892,049.99 for 34 contracts); Piacenza (891,242.75 for 37 contracts); Ravenna (857,088.22 for 102 contracts).

Taking the contracts given by the State and those given by Administrations subject to Government supervision together, we find on December 31st., 1909, a total of 4,426 contracts for a total amount of 88,846,203.11 frs.

The provinces in which the largest total of contracts were granted, and for the largest amounts, were the following :

Province	Number of Contracts	Amount frs.
Ravenna . . . . .	629	frs. 17,333,617.93
Padua . . . . .	314	» 10,168,089.77
Bologna . . . . .	317	» 9,671,701.63
Ferrara . . . . .	263	» 7,379,339.36
Genoa . . . . .	329	» 4,698,564.24
Verona . . . . .	119	» 4,605,597.79
Rome . . . . .	595	» 4,332,660.67
Reggio Emilia . . . .	293	» 3,401,513.86
Rovigo . . . . .	122	» 2,796,582.06
Modena . . . . .	132	» 2,516,606.87

The Regulations no. 178 of February 12th., 1911 on co-operative societies and consortiums of co-operative societies admitted to public competitions for contracts, order that there be published every two years by the Department of Agriculture, Industry and Commerce, a list of these co-operative societies and consortiums, and another of the contracts granted to them by the Government Departments and all those Administrations subject to State supervision.

In 1911, in accordance with this provision, the Department published a list of the co-operative societies for production and labour which were found registered on the prefects' lists as contractors for public works, supply and public services, with indications of their situation on December 31st., 1909.

From this publication, which was based on principles other than those on which the Treasury based its returns, we reproduce the following figures :

	On December 31st..	
	1907	1909
Number of Co-operative Societies . .	370	461
» Members . . . . .	62,725	65,789
Subscribed Capital. . . . . frs.	2,244,682	2,208,740
Paid up » . . . . .	1,448,614	1,503,965
Reserve Fund. . . . .	753,652	1,185,411
Value of Works Carried out . . . . .	22,497,619	29,011,031
Profits. . . . .	428,010	796,243
Losses . . . . .	151,870	272,172

If we consider the classes of trades, the 461 co-operative societies to which the above table refers, with other seven, for which we have no definite information in regard to their constitution and working, may be divided as follows :

Classes	Number of Societies	Number of Members	Subscribed Capital	Paid up Capital
Engaged in Building and Dependent Occupations (Painters, Decorators etc.) . . . .	149	10,694	446,392	299,540
Day Labourers, Navvies, Miners and Peasants.	107	33,471	625,041	430,550
Engaged in Transport and Portage: Carters, Cabmen . . . . .	41	2,722	178,021	147,503
Engaged in Working Wood and Metals . . . .	32	1,147	264,346	152,940
Engaged in Working Stone: Stonecutters, Carvers, Paviers and Roadmakers . . . . .	39	1,422	87,973	75,883
Engaged in Printing and Book Binding . . . .	15	1,177	349,455	212,973
Various Industries . . . . .	11	242	19,972	18,977
Mixed Co-operative Work . . . . .	74	14,914	237,340	165,599
Total for the Kingdom . . . .	468	65,789	2,208,740	1,503,965

Further, as we learn from official statistics recently published (1), in the three years 1910-1912, 236 co-operative societies (including 5, consortiums), 155 of them belonging to Central, 57 to Northern and 24 to Southern Italy and the Islands, took part in the competitions or entered into private negotiations opened by the Department of Public Works.

The largest number of societies thus competing was furnished by Emilia (112); then by Venetia (44), Tuscany, (22), Latium (20), Lombardy (13) etc. The provinces in which the numbers were largest were Ravenna (33), Ferrara (26), Rome (20), Bologna (15) etc.

Most of the societies entered for private competition or engaged in private negotiations; only 20 entered for public competition.

Only 33 co-operative societies undertook contracts beyond the limits of their province, and then almost always in adjacent provinces. Exceptions were provided by a consortium of Ravenna, which undertook work at Reggio Calabria and Messina, and two societies and a consortium of Reggio Emilia which shared in contract work at Messina.

In regard to the contracts undertaken in the three years 1910-1912, 176 societies obtained 543 from the Public Works Department, for a total amount of 30,291,401.69 frs., of which 25,552,490.98 frs. were for contracts in the provinces in which the societies had their head quarters and 4,738,910.71 frs. for contracts in other provinces.

The largest numbers of societies awarded contracts belonged to the Provinces of Ferrara (22), Ravenna (17), Rome (15), Padua (12), Reggio Emilia (11), Bologna (9) etc.

(1) See the: *Relazione Statistica sui contratti d'appalto*. Vol. I, 1910-1912, published by the Department of Public Works, General Secretariat, 1914, mentioned among our sources.



The largest numbers of contracts were undertaken by the co-operative societies of Ravenna (92), Ferrara (53), Bologna (46), Padua (38), Rome (38), Parma (27) etc.

The highest amounts appear for Ravenna (9,962,430.83 frs.), Bologna (3,148,543.80 frs.), Ferrara (2,502,361.80 frs.), Padua (1,899,020.24 frs.), Rovigo (1,802,224.88 frs.), Rome (1,384,575.55 frs.), Reggio Emilia (1,277,960.88 frs.), Verona (1,250,273.62 frs.), Venice (992,305.39 frs.) etc.

Of the five consortiums appearing in the total number of associations, four undertook altogether 14 contracts for the amount of 5,337,616.80 frs. Of these contracts 10 for a total amount of 4,506,316.80 frs. were undertaken by the Federation of the Co-operative Societies of the Province of Ravenna.

The associations of Ravenna and Reggio Emilia also undertook work in Calabria and in Sicily.

Finally, the co-operative societies undertook from 2.11 % of all contracts in the Marche to 58.34 % in Emilia; in the provinces the lowest percentage undertaken by them was in Catania (0.92 %) and the highest in Ferrara (88.95 %). We may also note high percentages in Ravenna (85.20 %), Bologna (76.42 %), Siena (64.76 %), Rovigo (58.61 %) and Verona (54.18 %).

## 2. MISCELLANEOUS INFORMATION.

**LUIGI BUFFOLI.** — Luigi Buffoli, President of the Milan Co-operative Union and one of the most characteristic and meritorious members of the Italian co-operative world, died at Milan, on the fifth of October last, at the age of 64.

He was born at Chiari, in the province of Brescia, on August 27th., 1850 and completed his studies in the College there, and then went to Turin, where he spent some years in the railway service. In 1879, he was transferred to Milan, his favourite city, to which he remained indissolubly attached until his death.

Buffoli's field of action was essentially that of co-operation and especially distributive co-operation. He began his propaganda in favour of this form of co-operation in 1878, when he founded the first modest co-operative institutions for the railway employees among whom he lived. To him in fact the first Milanese railway co-operative distributive societies owed their origin. But as these societies, being still uncertain while taking their first steps, were indisposed to accept the system of sale at market prices, with the later distribution of their gains among

the consumers in proportion to their purchases, Buffoli left them in order to found an institution in conformity with the above principles.

He proposed to the Milanese "Civil Servants' Association", the institution of a warehouse to provide its members and the public with articles of clothing. The idea was approved and, on April 15th., 1886, a new Society was formed for the purpose, under the name of the "Co-operative Union", with 13 members and a capital of 1,712 frs. Luigi Buffoli was elected president. The Milan Union has today 15,000 members and a capital of more than 6,000,000 frs., a reserve fund of about 3,000,000 frs. and the business done by it in 1912 amounted to more than 11,000,000 frs.

But Buffoli, and this is one of his most conspicuous merits, would never allow the ideals with which the Co-operative Union started to be stifled by the anxiety for large profits; he desired that its increased strength should serve to promote and carry out useful undertakings for the benefit of all the citizens. And he succeeded. Thanks to his direct intervention, there were in fact founded in Milan a large bakery for the purpose of reducing the price of bread, a warehouse for permanent types of cheap wine and at Berlin a branch of the Union was founded for the purpose of making Italian produce known abroad. And in the case of each new undertaking Buffoli had to fight bravely.

Again to meet the requirements of his city, at a time, when the absence of hotels for the poorer classes of the population was a matter of concern, Buffoli started a People's Hotel and a People's Dormitory, two institutions that have aroused admiration in all who have had occasion to visit them.

So also he desired and induced the Co-operative Union to give valid support to another institute of thrift, the "*Milanino*": to solve the lodgings difficulty, aggravated by speculation in land, Buffoli determined to introduce into Italy, an institution he had seen successfully working in Great Britain and in Belgium, and form, beyond the circle of the areas exposed to speculation, a garden city. And by his great energy he realised this scheme also.

This unwearied activity in the field of practical action did not prevent Buffoli from ably contributing to the propaganda and the diffusion of the soundest principles of co-operation. He did so both by taking part in the most important national and foreign congresses of co-operative societies and by the publication of pamphlets and articles. Up to 1913, he was also Councillor in the Central Office of the International Co-operative Alliance.

## JAPAN.

### RURAL, BANKS AND LOANS ON HONOUR IN JAPAN

(THE "HÔTOKUSHAS" OR GRATITUDE SOCIETIES) (1).

(Continued).

#### CHAPTER IV.

##### THE RESULTS OF THE EXTENSION OF THE HÔTOKUSHAS.

##### § 1. THE MORAL AND MATERIAL CONDITION OF JAPAN AT THE BEGINNING OF THE 19th. CENTURY.

Japanese historians have drawn for us a gloomy picture of the state of society in their country about the beginning of the 19th century. Habits of luxury, idleness, and debauchery had by degrees spread through the whole feudal society from the highest members of the hierarchy down to the humblest vassals of the daimios. The condition of the people was what might be expected when public morality was such as we have stated: poverty, famine and disease made ravages among the lowest of the population, who, oppressed by the tyranny of the feudal lords, and distressed by hopeless poverty, found it impossible to rise out of their terrible situation.

The mild and consoling message of *hôtoku* came just as the right time, offering the miserable a way of escape, and producing in a short time marvellous results, addressed as it was to a people naturally industrious and honest. The hopes entertained by Sontoku and his disciples from the spread of their moral principles were not deceived; in fact, the results achieved were far beyond their most optimistic expectations.

It may be affirmed without fear of exaggeration that many Japanese provinces have been thoroughly renovated by means of *hôtoku*: the most striking example is the *Ken* (prefecture) of Shidzuoka, which is now the centre of the development of the *hôtokushas*, and which a hundred years ago was one of the most desolate territories of the empire. Much of the practical teaching now diffused by the Government through schools of

(1) See the earlier chapters in the preceding number of this Bulletin, p. 26.

agriculture was then given by the *hōtokushas*, and it is interesting to observe some traces of this in the etymology of certain agricultural terms, such as *hōtoku-ue* or plantation of the *hōtoku* type. This method of plantation, now technically called *seijo-ue* (planting in straight lines) and universally adopted in the rice-fields of Japan, was introduced by a man named Ankyōin Shoshichi, an ardent disciple of *hōtoku*, who caused it to be adopted sixty years ago by all the *hōtokushas* then existing. But better than any theory, the following examples, taken from the "*Shidzuoka-ken hōtokusha jiseki gaiyō*", will give the reader a sufficiently clear idea of the beneficent influence of *hōtoku* in some Japanese provinces.

## § 2. SOME INSTANCES FROM HISTORY.

I. — *The hōtokusha of Sugiyama.* — From time immemorial the only industry carried on by the rural population of Sugiyama — a small village hidden in the mountains about a kilomètre from Okitsu — was the cultivation of a poisonous plant called *doku-e*, from which a special oil was extracted, used by the peasants for light and for making their clothes water-proof. This oil is known in Japan by the name of *tosuiyu*. About 1870, the more general use of petroleum caused a sudden fall in the price of *tosuiyu* and a corresponding loss to the families engaged in its production. Katahira Nobuaki, mayor of the village, to save the people from destitution, set to work to change the kind of crops cultivated, himself setting the example by planting orange and lemon trees, tea, mulberry trees etc.

Going still further, he granted free loans to the poorest peasants to enable them to carry out these changes. He also employed a portion of his capital in the purchase of nursery plants and seed which he gave gratis to those who were unable to pay for them. This was *hōtoku* practised in its most noble and useful form. But, in 1874, when after many efforts and sacrifices the unfortunate village was rising out of its troubles, a new distress came upon it, viz. a fall in the price of tea. Nobuaki himself was seriously affected by this, and having spent all his money, his one idea was to found a mutual aid society on *hōtoku* principles. With the advice and help of Shibata Junsaku, a disciple of Ninomiya, he founded the *Sugiyama Hōtokusha*, which soon became a flourishing society, obtaining marvellous results. To give an idea of the importance of its work, it is sufficient to remark that previous to its constitution the value of the trade in oranges and lemons at Sugiyama did not amount to 250 yen per annum; it has now risen to 17,000 yen for the village of Sugiyama alone, and for the *gun* (district) of Iyowara it amounts to the very considerable figure of 700,000 yen, that is, more than 1,800,000 francs.

Again, in 1890, the *Sugiyama Hōtokusha* bought 85 *cho* (nearly 84 ha.) of ground for the collective cultivation of forest trees (firs, cryptomerias, etc.) Besides, the Society makes special contracts with those of its mem-

bers who are not proprietors of land to enable them to build houses for themselves free of expense.

The present president of the Society, Katahira Kuroemon, son of Nobuaki, has continued the beneficent and philanthropic work of his father. Profoundly convinced of the excellence and nobility of the aims of *hôtoku*, he is a most loyal disciple and a most sincere follower of it. And we must add that it was he who prepared the way for the establishment of special co-operative associations for the sale in common of the agricultural produce of the members. The case of this association is, without doubt, one of the most striking and characteristic in the history of the *hôtokushas* of Japan.

II. — *The village of Inatori.* — The little village of Inatori in the province of Shidzuoka offers another very interesting example. It contains about 760 peasant houses, and the inhabitants, about 5,300 in number, are, for the greater part, very poor, if not altogether destitute. Twenty years ago, about 1893, the condition of this village was so deplorable, that, as the local chronicles relate, the inhabitants and communal authorities found it impossible to pay their taxes, nor could they pay teachers; so the schools had to be shut. At this period *hôtoku* had reached its full development at Sugiyama (Iyowara), where it had attained the happy results of which we have already spoken, owing to the example and encouragement of Katahira Nobuaki. The mayor of Inatori, Tamura Yokichi, went to Sugiyama to study this interesting phenomenon, with the hope of being able to apply the system in some measure in his own village. Nobuaki instructed him in *hôtoku* principles and the system of mutual aid he had established with such brilliant results.

Returning to Inatori, Yok'chi made every effort to follow the example of Nobuaki. He began by re-afforesting certain waste lands: in a few years Inatori was enriched with new forests, new meadows and new rice-fields. Yokichi directed that every spring and autumn the school children should go to the wood, and each one plant a young tree furnished by the commune.

Among the institutions which may be regarded as the positive results of the diffusion of the ideas of Ninomiya Sontoku, we must further record the names of the Agricultural Society of Kakegawa, the "Society for the Construction of Dykes" and the various *hôtokushas* of the province of Shidzuoka. A few words must be said regarding each.

III. — *The Agricultural Society of Kakegawa.* — This Society was founded in 1878, in pursuance of a proposal made by M. Okada, President of the "Totomi-Kuni Hôtokusha". It first assumed the form of a society limited by shares, with the object of examining and putting in practice all kinds of agricultural improvements, as well as of purchasing land for the establishment of experimental stations. It undertook to supply teachers able to popularise the practical principles of agriculture, and to establish itinerant lecturerships; to supply seed for the various crops; to act as a disinterested intermediary between the producer and the con-

sumer; to control the production of cocoons; to organise exhibitions, competitions, etc. In 1886 it organised lectures on the veterinary art. Altogether, it may be said that this society has rendered real and inestimable services for the development of agriculture.

IV. — *The Teibo-Kwaisha*. — The "Society for the Construction of Dykes" (*Teibo-Kwaisha*) was the realisation of the ideal constantly cherished by Kanehara Akiyoshi, another of the great benefactors of Japanese agriculture. Having devoted all his intelligence and activity to the regulation of the water supply, he decided in 1878 to found a society with the special aim of encouraging, executing, and ameliorating it, as it is here as in every other country, one of the most important bases on which agriculture rests. Animated by that sentiment of self-devotion, benevolence, and abnegation, which is found in all these oriental apostles, he sold all that he had and devoted the sum (more than 140,000 francs) to the realisation of his dream. With these 140,000 francs the capital of the society was formed and he asked the Government at the same time for an annual subsidy of 25,000 yens (64,500 frs.), which was granted.

Afterwards, the Government assumed the chief direction of the works undertaken by the *Teibo-Kwaisha*, giving it almost an official character.

But, in 1884, owing to some disputes which we need not now recall, the *Teibo-Kwaisha* had to be dissolved. It was decided to refund the money he had contributed to Kanehara Akiyoshi, but, though he accepted it, he did not wish that what he had given for the public benefit should again become his personal property. He therefore devoted himself to the work of re-afforestation, on which he spent between 1887 and 1901 the sum of 32,000 yen (82,500 frs.). He re-afforested nearly 600 hectares of land, planting about three million young trees.

Among those who have won popularity in Japan through their efforts in diffusing the moral and economic principles of Ninomiya Sontoku, we must again mention Ryoichiro Okada, founder, as we have seen, of the Agricultural Society of Kakegawa. He is the father of Okada Ryohei, formerly Under Secretary of Public Instruction, Member of the House of Peers, and now President of the *Dai Nippon Hôtokusha* and of the Imperial University of Kioto.

M. Okada was born at Kurama-mura in 1840. His father was that Okada Saheiji who founded the *hôtokushas* of the province of Totomi. The younger Okada, philanthropic like his father, in whose footsteps he followed, became in 1877 President of the "*Totomi-Kuni-hôtokusha*". He wrote many books and pamphlets, among which may be mentioned here (1). "*Discourses on Economy in Living* "; "*Discourses of the Great Disciples of Hôtoku* "; "*The Doctrine of Hôtoku* "; "*Accounts of the Journey of*

(1) See Bibliography.

the Second Course of Lectures"; "Our Seven Treasures", etc. In 1875, he founded the *Totomi-Kuni-hōtoku-honsha*, which acted as a federation of all similar societies in the province of Totomi. It should also be observed that the first co-operative society in Japan was the Co-operative Credit Society of Kakegawa, promoted by M. Okada, who was also the leader in all the other associations for the collective sale of manufactured tea, and for the collective purchase of manures and tools required in agriculture etc. (1). It must, however, be acknowledged that all the disciples of Ninomiya Sontoku were equally the precursors of the present great co-operative movement of modern Japan.

#### CONCLUSION.

The reader who has kindly followed us so far in our account of the principles, the development and the influence of the *hōtokushas* is in a position to form his own conclusions.

If the phenomenon that we have been studying does not yet play a preponderating part in the social economy of Japan, the explanation is to be found in the fact that these associations have had to develop in opposition to the movement of western civilisation. And if we consider that, in spite of everything, and especially in spite of the great progress made by co-operative societies during the last few years, the advance of the *hōtokushas* has not been retarded, we may believe that the utilitarian current of our civilisation has not yet weakened the traditional spirit of honesty, kindness, and purity of the Japanese peasant. Will the resistance continue? and for how long? It is difficult to say. But it is not too much to affirm that this noble spirit of dignity and self-sacrifice, which is the best title to honour in the Japanese character, will continue to exist in spite of the incessant struggle, which unfortunately tends to destroy it. But it must be confessed that the *hōtoku* movement cannot go on without the powerful support and the active sympathy of the country and more especially of the Government. The disappearance and even the decline of the *hōtokushas* would be a melancholy symptom of decadence of the nobility of the Japanese character; it would mean the disappearance of one of the finest examples of human solidarity.

(1) M. R. Okada, in 1901, received the civil medal with the blue ribbon, and, in 1902, the 6th. class of the order of the Sacred Treasure was conferred upon him.

## APPENDIX.

RULES OF THE CENTRAL SOCIETY OF THE PROVINCE OF TOTOMI.  
(TOTOMI-KUNI HOTOKU ENJO-SHA.).

## I.

*The aims, denomination, duration and seals (1) of the Society.*

Art. 1. — This society has been constituted for the purpose of seeking out and rewarding examples of virtue and good conduct, of combating vice and evil customs, redeeming and assisting the poor, and equalising, as far as possible, wealth and power, in accordance with the moral principles of the venerated Master Ninomiya Sontoku, and profiting by the sentiments of gratitude which all men should have for every grace, for every benefit, received from Heaven, from Nature and from men.

Art. 2. — This society is called *Hôtoku Enjoshu*.

Art. 3. — This society has its head-quarters at Mikawa, prefecture of Shizuoka.

Art. 4. — The duration of the society is fixed for 180 years, beginning from the month of March of the 50th. year of Meiji (1872) (2). At the end of this period, the Society may continue its existence, in agreement with the decision of the General Meeting of its members.

Art. 5. — The Society will make use of the seals indicated.

Art. 6. — The Society exercises general supervision over all the *bunshas* and over all its dependent societies.

## II.

*Admission, resignation, rights and duties of members.*

Art. 7. — The General Meeting grants admission to membership. Those persons are eligible for membership:

(a) who have for five consecutive years at least been members of one of the subordinate societies, have observed the rules of *hôtoku* and have paid an entrance fee of at least 10 yens,

(b) who have proved themselves worthy through special services rendered to our society.

(1) Seals are registered in Japan and have the same legal value as a signature.

(2) The date when the society was actually constituted. It was recognised as having a legal existence by Decree of the Minister of the Interior, no. 15 of June 19th., 1901.



Art. 8. — The president of a subordinate society has the right to be a member of the central body, a right which he loses on his resignation.

Art. 9. — Members must conscientiously observe the rules of the Society, and must, by their assiduous labour and the regular performance of their duties, set an example to each other and to outsiders.

Art. 10. — The meeting of members may expel a member who shows himself unworthy.

Art. 11. — All members have always a right to consult the books of the association, and to take part in the decisions of the meeting.

### III.

#### *Officers.*

Art. 12. — There is a General Director and five directors.

Art. 13. — The General Meeting elects the six directors at once; and then the General Director is chosen from among them.

Art. 14. — All the directors hold office for five years; they may be re-elected.

Art. 15. — The General Director is the legal representative of the society, and manages its business.

Art. 16. — The directors assist the General Director in the administration of the society, and, when necessary, act for him. The substitute for the General Director must have a long and full experience of the affairs of the society.

Art. 17. — When the number of officers is insufficient, supplementary elections may be held.

Art. 18. — The officers receive no remuneration.

### IV.

#### *Operations.*

Art. 19. — The Society directly controls its various sections and branches by means of visits, inspections, enquiries, etc. and in this way makes sure that the rules of the Master are always observed.

Art. 20. — The Society reserves to itself the right of proposing for general imitation any of those members of the branches who have shown themselves worthy by exemplary conduct and constant virtuous action.

Art. 21. — The Society will receive requests for help from any branch suffering from misfortune or disaster.

Art. 22. — It shall make no difference in the action of the Society whether the misfortune has arisen within or without the limits of the association making the application, but it shall endeavour to succour, as far as possible, the district or society suffering by any extraordinary accident.

Art. 23. — When at least five dependent societies unitedly express the desire of being constituted a principal branch (*bunsha*), the central body reserves to itself the right of establishing it as such conformably with the general rules.

## V.

*Capital.*

Art. 24. — In conformity with the rules, the association divides its capital under four heads: — donations (*zenshukin*); principal funds (*dotaikin*); gratitude fund (*genjokin*); supplementary revenue (*kanyukin*).

Art. 25. — The donations (*zenshukin*) consist of the money granted by the Master and then distributed by the *hōtokusha* of Odawara, (Sagami), forming, consequently, a sacred sum, which is expended in loans granted, according to the regulations, to the dependent societies, without interest. (1)

Art. 26. — The *dotaikin* (principal fund) is a sum set apart for the purpose of giving the necessary security to the economic basis of the society: it is divided into three categories according to the sources from which it is derived:

- (a) sums granted for this purpose by the Master;
- (b) sums given by private benefactors (*kizōkin*);
- (c) sums deducted from the *genjokin* and added to the principal funds by order of the members' meeting.

Art. 27. — The gratitude fund (*genjokin*) is formed from sums the society receives from other associations for benevolent objects.

Art. 28. — The supplementary revenue (*kanyukin*) is formed from sums offered by members to be drawn upon in case of necessity according to the regulations of *hōtoku*.

At the request of a member who has made a donation, the money may be returned to him at the end of the year, but only in the form of an ordinary loan.

Art. 29. — The capital of the society is annually lent and annually repaid: this is the purpose it is intended to serve. The balance is carried forward to the following year. If the capital should exceed the amount of the loans, the surplus must be lent in loans without interest.

## IV.

*Accounts.*

Art. 30. — Every October, the Society grants out of its capital loans without interest to its dependent societies.

Art. 31. — The financial year begins on the 1st. October, and closes on the 30th. September of the following year.

Art. 32. — Every year, in the month of October, the Society will take stock of the different kinds of capital it possesses, and of the loans granted to other societies.

(1) The reader may observe that these definitions vary from those already given. These differences, as we have already said more than once in the course of this article, are due to different interpretations of the Regulations which, on this point, are neither clear nor absolute.

Art. 33. — Loans are not always granted without interest ; some bear interest and may be repaid by means of annual instalments. These loans are generally made for five years, but this limit is not absolutely fixed.

Art. 34. — Whoever obtains a loan redeemable in yearly instalments must, when it is paid off, offer an annuity to the *genjokin* (gratitude fund). This offering can never be restored to the donor.

Art. 35. — The surplus will be deposited in the bank for a period not exceeding a year. The interest on these deposits will be utilised to meet the general expenses of the society.

Art. 36. — The Society may, with the consent of the General Meeting and when opportunity offers, grant special loans in cases of need.

Art. 37. — The Society may also, with the permission of the General Meeting, reserve a part of its capital to meet eventualities.

## VII.

### *Books of the Society.*

Art. 38. — The society must have the following books :

1st. Book of benevolence (1).

2nd. Day-book.

3rd. Stock book.

4th. Register of members.

In the first are entered all the benefits of the three powers (Heaven, earth, and man) for which gratitude is due, as well as the revenue and expenditure.

## VIII.

### *Meetings.*

Art. 39. — There are three kinds of Meetings : ordinary general meetings at fixed periods ; extraordinary general meetings, and officers' meetings. The first are held very year in October, the second whenever it is considered necessary. Notice is given of the general and extraordinary meetings by the General Director himself.

Art. 40. — The ordinary general meetings must decide in regard to :

(a) the transactions spoken of in chapter IV of the present Rules ;

(b) the accounts of the current year ;

(c) the estimate for the following year ;

(d) questions of general order entered on the agenda.

Art. 41. — The decisions of the meeting are not valid unless at least half the members are present. If a quorum is not formed, a new meeting is called, the proceedings of which are valid whatever be the number of those present.

(1) Of the titles of the two first books we have been obliged to give a very free translation considering the subjects of which they treat. The original titles may interest the curious :

1st. *Sanzai hōtoku genryūkei* (Mirror of the present state of gratitude to the three powers). The three powers are heaven, earth, and man.

2nd. *Shuho sōkō torishirabe* (Concise supervision of the sums of the Rule).

Art. 42. — The General Director presides at the General Meetings. Should he be absent, one of the directors takes his place.

Art. 43. — The decisions of the Meeting are taken in accordance with a majority of votes. The president has the casting vote.

### IX.

#### *Dissolution of the Society.*

Art. 44. — On the dissolution of the Society, whether because the period mentioned in Art. 4 of the present Rules has expired, or by mutual consent of the members, all the money lent must be returned, and the *kanyukin* (supplementary revenue) sent back to the donors. The *zen-shukin* is also returned. Other sums are returned in proportion to the amounts paid.

Of whatever kind the donation may be, the directors must agree with the liquidators on the amount at which it must be calculated when the donor is not especially indicated.

Art. 45. — The Society shall be dissolved when the number of members falls below five.

#### *Situation of the Central Society*

Name of the Society	Number of Dependent Societies	Principal Fund	Donations	Gratitude Money	Supplementary Revenue
		yens	yens	yens	yens
Central Society . . . . .	1	4,253.50	188.00	510.00	510.00
1st. branch . . . . .	17	9,475.60	904.00	18,525.28	9,348.11
2nd. " . . . . .	19	7,801.20	3,278.00	6,493.55	22,289.44
3rd. " . . . . .	20	6,270.84	904.30	7,795.30	14,914.12
4th. " . . . . .	7	872.00	531.00	3,614.18	5,942.45
5th. " . . . . .	18	4,527.36	1,539.00	5,256.60	14,665.45

#### STATEMENT OF THE SITUATION OF THE CENTRAL SOCIETY OF THE PROVINCE OF MIKAWA. (MIKAWA-KUNI HÔTOKUSHA).

(January 1st., 1913).

The total number of societies dependent on this Central Society on January 1st., 1913 was twenty one. The following table shows their general situation at that date :

Principal Fund . . . . .	yens	—
Donations . . . . .	"	665,000
Gratitude Money . . . . .	"	10,095,830
Supplementary Revenue . . . . .	"	13,392,695
Total . . . . .	yens	<u>14,153,525</u>

STATEMENT OF THE SITUATION OF THE CENTRAL SOCIETY  
OF THE PROVINCE OF TOTOMI.  
(January 1st., 1913).

(TOTOMI-KUNI HOTOKU ENJOSHA).

This Society has jurisdiction over five branches (*bunshas*) on which depend 81 societies (*sha*), as shown in the following table:

Central Society ( <i>Hōtoku Enjōsha</i> )	1st. branch	— 17	dependent societies.
	2nd.    "	— 19	"      "
	3rd.    "	— 20	"      "
	4th.    "	— 7	"      "
	5th.    "	— 18	"      "

The total number of societies in the province of Totomi (including the Central Society) is therefore 82.

Of these 82 societies the economic situation on January 1st., 1913 is seen in the following tables:

*of the Province of Totomi.*

Other Funds	Total	Balance of Loans	Loans Granted in 1912	Number of Members	Profits for 1912	Gratitude Money Received from the Branches
yens	yens	yens	yens		yens	yens
330.40	5,791.50	4,656.90	487.40	30	80.00	135.00
3,912.41	42,165.40	6,356.18	1,556.64	709	2,887.64	1,410.40
349.69	40,211.89	32,337.80	11,228.33	613	1,959.13	2,183.00
—	29,884.56	24,302.32	8,802.41	635	2,199.75	1,133.00
526.50	11,476.13	6,634.10	2,812.95	189	662.41	557.00
7,530.34	33,518.76	17,476.15	6,495.47	514	2,087.40	1,349.00

Gratitude Money given by Societies Dependent

on the Central Society . . . . .	yens	922,850
Other Funds . . . . .	»	11,726,045
Total . . . . .	yens	26,802,420

Balance of Loans on January 1st., 1913 . .	yens	17,227,249
Loans Granted in 1912 . . . . .	»	4,947,000
Number of Members . . . . .		526

## SUMMARY OF REPORTS ON THE WORK OF THE DAI NIPPON HÔTOKUSHA AND ITS BRANCHES.

The *Dai Nippon Hôtokusha* is the most important Central Society of all Japan, and in connection with it *hôtoku* principles have made the greatest progress. It may be useful to give some precise details as to its work and the methods by which it attains its objects. We shall give here a summary of the reports published by the society itself, omitting only those details which are not strictly relevant to our subject.

### WORKING OF THE CENTRAL SOCIETY

#### I. *Ordinary Meetings.*

During this period (1912) the *Dai Nippon Hôtokusha* held 93 ordinary meetings at which both members and non-members had a right to be present. The total number of individuals who attended these meetings was 11,629, making an average of 119 at each session.

#### II. *Survey of the Work of the Association.*

##### (a) *Supervision of sections and branches.*

##### 1st. *Meeting of directors of dependent hôtokushas.*

At this meeting the following questions were discussed :

The means to be taken to encourage the attendance at lectures on the *hôtokushas* given during the summer ;

The means to be taken to encourage the foundation of new societies and to increase the number of members ;

Questions regarding the employment of the capital of the associations ;

Questions regarding the means to be taken to increase practical co-operation among members ;

Discussions relating to plans for enterprises of general utility to be carried out in the province by the societies on their own initiative ;

Means of improving and extending popular education ;

Questions relating to the powers of the syndicates of *hôtokushas*.

##### 2nd. *Tours of Inspection.*

For the purpose of insuring perfect supervision over the affairs of the different sections, the Central Society has established a service of in-

spection by special officials who travel at its expense and, in the course of their journeys, give readings and lectures. During the year 1912, the *Dai Nippon Hōtokusha* employed twelve of these officials, who each gave lectures varying in number from one to seven, according to the localities in which they took place.

3rd. *Federations of Hōtokushas.*

In the course of the regular meetings of the *hōtokushas*, which are held in spring and autumn, it was considered desirable to institute federations of *hōtokushas* and, at the same time, a special envoy of the Central Society gave lectures with a view to popularising the new institution.

4th. *Special donations for the principal fund (dotaikin) of the branches.*

The new branches receive, together with the notice of approval of their rules, a sum to be added to their capital. During the year 1912, ten sections of the new type were formed receiving from the Government a total sum of 29 yens (1). Three branches received 2 yens each, one, 3 yens; four, 4 yens; one, 6; and another 8 yens.

(b) *Business Directly Transacted by the Central Society.*

1st. *Loans Granted to Branch Societies.*

According to the official declarations of the directors, the Central Society accorded the following loans to its branches :

(1). It must be observed that this Governmental contribution is only to be regarded as a moral support afforded to the Japanese peasant, with whom, as with the rest of his nation, respect for authority reaches a height absolutely unknown to us. Otherwise, such a contribution would have the character of a trifling alms, to which no importance could be attached.

Loans		Object of Loan	Form of Repayment and Interest. (1)		
yens	410.00	Improvement of Roads.	7 % Payable after 2 years in a lump sum.		
"	500.00	Clearing of Land and Payment of Outstanding Debts.	7 % Payable in annual equal instalments in ten years.		
"	500.00	Do. Do.	do.	do.	do.
"	2,000.00	Payment of Debts Due by Members.	do.	do.	do.
"	200.00	Do. Do.	do.	do.	do.
"	500.00	Assistance to Members.	6 %	do.	5 years.
"	100.00	Do. Do.	do.	do.	do.
"	1,200.00	Construction of a Dyke.	7 %	do.	10 years.
"	500.00	Building of a Hall for Public Meetings.	do.	do.	do.
"	700.00	Collective Purchase of a Forest.	do.	do.	7 years.
"	350.00	Advances to some Members for Household Expenses	do.	do.	13 "
"	4,500.00	Purchase of Land for Members	do.	do.	10 "
"	1,250.00	Repairs of Damage Caused by Inundations.	do.	do.	do.
"	200.00	Assistance to Members	5 1/2 %	do.	5 years.
"	2,000.00	For Ceremonies Commemorative of the Death of the Emperor.	7 %	do.	10 years.
"	500.00	Collective Purchase of Manure.	do. Payable in a lump sum.		
Total yens 15,110.00					

(1) It must be observed that interest at the rate of 7%, which with us would be enormous especially if the benevolent character of the society making the loan be taken into consideration, is quite usual in Japan, where the rate of interest on loans granted by co-operative societies in 1910 was on an average 12 %.

### 2nd. *Special loans.*

The total amount of the special loans granted by the Central Societies to those of its dependent bodies which have for three years at least belonged to the association (art. 15 of the Rules of the Central Society) for the year 1912 was 23,030 yens 19.



*Propaganda.*

Some of the members of the Central Society have formed an *Association of the Friends of Hôtoku* (*Dai Nippon Hôtokugaku-yu Kwai*), which publishes a special Bulletin, entitled *Dai Nippon Hôtokugaku-yu Kwai-hô*. This Bulletin examines and discusses all questions connected with the development of *Hôtoku*. Contributions are accepted. The Bulletin appears on the 23rd. of each month, and each number costs 7 sen (18 centimes). The annual subscription is 70 sen (1 fr. 80). Advertisements are paid for at the rate of 10 sen per line (0. fr. 25); one yen and a half for half a page (3 fr. 87), two and a half for a whole page: 20 % reduction on these prices is allowed to members. This little publication plays a very important part in the work of the associations in diffusing the ideas and the moral principles of Sontoku Ninomiya. It has numerous readers and subscribers, and its publication was approved by a Decree of the Department of the Interior on February 29th., 1904.

III. *Variations in the Numbers of Members and Associations.*

The variations in the numbers of members in 1912 are shown below:

	In the Preceding Year	New Admissions	Resignations	Balance
Members of the Central Society.	1,468	98	20	1,546
Members of the Branches . . .	19,044	830	174	19,700
Non-Members Adhering . . . .	47	2	1	48
Total . . .	20,559	930	195	21,294

The variations in the numbers of the associations during the same period were as under;

	Societies Already Working	New Societies	Societies Dissolved	Balance
Central Society . . . . .	1	—	—	1
Branches . . . . .	543	10	1	552
Total . . .	544	10	1	553

IV. *Capital.*

The following figures show the variations in the capital of the Central Society during the year 1911-12:

Title of Fund	At End of the Preceding Year (yens)	Increase during Year 1911-12 (yens)	Decrease during Year 1911-12 (yens)	Balance (yens)
Special Funds . . . . .	937.500	418.075	—	1,355.575
Principal Fund ( <i>dotaikin</i> ) . .	6,561.731	1,032.177	—	7,593.908
Donation from the Okada Family (to the <i>zenshukin</i> )(1)	14,044.491	1,213.963	—	15,258.454
Bonds . . . . .	158,619.682	13,445.045	—	172,064.727
Donations . . . . .	3,622.179	42.933	—	3,665.112
Collective Funds . . . . .	8,310.545	315.488	—	8,626.033
Thrift Fund for Children . .	1,821.541	39.612	—	1,861.153
<i>Kanyukin</i> . . . . .	1,006.427	30.613	—	1,037.040
Interest . . . . .	117.299	—	78.844	38.455
Collections at Meetings . . .	762.481	11.124	—	773.605
Funds for Temple of To- shogu . . . . .	300.000	—	—	300.000
<i>Kanyukin</i> from the Enjosha .	80.000	—	—	80.000
Other Funds . . . . .	11.959	0.478	—	12.437
Total . . .	196,195.835	16,549.508	78.844	212,666.499

(1) This sum of 14,044 yens was a donation made by M. Saheiji Okada, founder of the Toto-mi-Kuni Hon-sha, and grandfather of M. R. Okada, present director of the Dai-Nippon Hōtō-kusha. From the 7th. year of Kaei (1855), M. S. Okada resolved to give every year for a period of 60 years in donations a sum equal in value to 50 sacks of rice. Since 1887, this sum has been paid to the Dai-Nippon Hōtōkusha and placed under the head of special donations. of this sum  $\frac{3}{10}$  ths. of the interest at 6% is added to the principal fund, and  $\frac{7}{10}$  ths. to the capital of the society. When the sum amounts to 100,000 yens, the Society must pay the descendants of M. S. Okada  $\frac{1}{10}$  th. of the interest as *zempōkin* (gratitude money). On no account must these sums be repaid or transferred to other individuals.

This capital has been invested largely in Government stock or shares in various companies; the balance has been lent either at interest or not or used to defray various expenses.

We give a complete list of these investments, showing thus the position of the society on January 1st., 1913 :

Government Stock . . . . .	yen	15,823.010
Chinese Railway Bonds . . . . .	»	1,950.000
Shares in the Industrial Bank of Japan . . . . .	»	8,710.000
» » Mortgage Bank of Japan . . . . .	»	105.000
» » <i>Shisan Ginko</i> . . . . .	»	45,757.000
» » Bank of Kakegawa . . . . .	»	5,009.667
» » Agricultural Bank of Shidzuoka . . . . .	»	4,138.000
» » Navigation Society of Japan. . . . .	»	5,211.000
» » Milling " " . . . . .	»	5,676.800
» » 15th. Bank. . . . .	»	34,335.000
» » Navigation Company of Coal and other Mines of Hokkaido. . . . .	»	200,000
» » Eastern Colonisation Company. . . . .	»	112.500
Money taken from the <i>Genjōkin</i> and Lent under condition of Repayment in Annual Instalments . . . . .	»	970.000
Money Lent at Interest . . . . .	»	52,325.289
Special Loans . . . . .	»	23,030.190
Deposits in the Postal Savings Bank . . . . .	»	1,014.610
Guarantee for Transfer of Savings . . . . .	»	20.000
Deposits for Limited Periods . . . . .	»	3,000.000
» in Current Accounts . . . . .	»	4,138.279
Contribution without interest to the <i>Hōtoku Enjōsha</i> (1) . . . . .	»	100.000
Various Contributions . . . . .	»	150.000
For Portraits of the Master . . . . .	»	219.100
For Publications on <i>Hōtoku</i> . . . . .	»	436.063
To the Society of Friends of <i>Hōtoku</i> . . . . .	»	191.618
Travelling Expenses . . . . .	»	3.400
Balance from Previous Year . . . . .	»	39.973
Total . . . yen		212,666,499

The loans granted by the Society in 1912 were as follows:

Balance on January 1st., 1912	Loans Granted in 1912	Repaid in Course of 1912	Balance on January 1st., 1913	Observations
4,134.000	—	3,164.000	970.000	Loans with <i>genjo-kin</i> Obligation.
43,975.417	15,220.000	6,870.128	52,325.289	Loans with Interest.
11,119.840	14,620.000	2,709.650	23,030.190	Special Loans.
59,229.257	29,840.000	12,743.778	76,325.479	Total.

(1) Which the H. E. S. shows in its *Kanyukin* (Supplementary Revenue).

## RUSSIA.

### FEDERATIONS OF CO-OPERATIVE CREDIT SOCIETIES IN RUSSIA IN 1913.

#### SOURCES :

Союзы учреждений мелкаго кредита въ Россіи (*Federations of Small-Credit Institutions in Russia*). Article in the number of the Вѣстникъ мелкаго кредита (*Small Credit Review*), for June 27th., 1914 on the Results obtained by means of an Enquiry into the matter of Small Credit, made by the Co-operation Department at the Russian National Exhibition held at Kiev in 1913.

Современное положеніе союзовъ мелкаго кредита (*Present State of Federations of Small Credit Co-operative Societies*). Article in No. 1 (January, 1914) of the Вѣстникъ коопераціи (*Review of Co-operation*), on the Results of an Inquiry made by the Petrograd Branch of the Committee for Rural Savings-Banks and Economic Associations.

Примѣрные уставы союзовъ учреждений мелкаго кредита, а также порядокъ ихъ устройства (*Model Rules for Federations of Small Credit Institutions and Rules for their Organisation*). Issued by the Committee for Rural Savings Banks and Economic Associations. Petrograd, 1911.

Сельскохозяйственный кредитъ въ Россіи (*Rural Credit in Russia*). Edited by the General Management of Agriculture, and Agricultural Organisation, Petrograd, 1910.

Тотоміанцъ, (В. Ф.): Сельскохозяйственная кооперація. (*Totomiantz, W. F.: Rural Co-operation*). Petrograd, Semionow, 1908.

Тотоміанцъ (В. Ф.): Кооперація въ русской деревнѣ (*Co-operation in Country Districts of Russia*) Moscow, Sabaschnikow, 1912.

Обзоръ русскаго и иностраннаго законодательства о кооперативныхъ товариществахъ (*Sketch of Russian and Foreign Legislation on Co-operative Societies*). Published by the Department of Commerce and Industry. Petrograd, 1906.

In one of the recent numbers of our Bulletin (1) we had occasion to point out the extraordinary and rapid development of co-operative credit societies in Russia. Scarcely ten years ago (in 1904), there were only 378; now, in 1914, the total number of institutions of this kind is, in round numbers (2), 14,000.

Under such conditions it is the more remarkable that while the progress of isolated co-operative societies has been so rapid that of the federations of these same associations has been equally slow and difficult.

(1) See Bulletin of August, 1914, p. 46.

(2) These figures as well as all others in this article refer only to Russia proper, exclusive of Finland.

On the 1st. of January of the current year there were in Russia only 12 federations of co-operative credit societies (1) and in these twelve federations only about 500 co-operative societies altogether, that is, about 3.5 % of the total number.

The chief reason for this anomaly is incontestably to be found in the legislative enactments regarding this kind of association which were in force till about three years ago. The law, in fact, refused the federations of co-operative credit societies the right of accepting deposits, or of borrowing or granting loans, thus, to a large extent, of course, depriving them of the reason for their existence. Finding it impossible to obtain help from the federations, which were themselves without income or capital, the separate co-operative societies avoided affiliation to associations from which no important advantage could be obtained.

It was not till 1911 that a radical change was introduced in this respect. The model rules, approved in the month of May of that year by the Council of Ministers, at last authorised the federations of co-operative credit societies to borrow money, to receive deposits, and to grant loans to co-operative societies affiliated to them (2).

The results of this wise measure were immediately apparent. An idea of them may be formed from an examination of the table given below, which shows the total business done by three of the chief federations, viz. those of Berdiansk, Melitopol, and Kiev, before and after the reform of the rules (3):

Years	Total Business done by the Federations of		
	Berdiansk	Melitopol	Kiev
	(in Roubles)	(in Roubles)	(in Roubles)
1903 . . . . .	643.40	450.00	—
1904 . . . . .	796.25	6,237.51	—
1905 . . . . .	1,896.77	16,499.05	—
1906 . . . . .	874.95	18,535.00	—
1907 . . . . .	8,233.13	16,626.11	2,367.00
1908 . . . . .	7,802.88	10,470.92	5,050.12
1909 . . . . .	8,063.49	13,777.40	10,526.75
1910 . . . . .	9,315.34	14,356.66	13,032.26
1911 . . . . .	56,013.32	68,501.55	234,088.18
1912 . . . . .	143,535.73	245,516.63	1,195,150.23

(1) During the first half of the current year a thirteenth federation was formed.

(2) See "Примѣрные Уставы..." chap. V. (Вклады и Займы) and VI (Ссуды).

(3) In July these three federations were authorised to transact business in accordance with the new rules.

In other words, the reform of the rules has led to an immediate increase of business, that of the Federation of Berdiansk being thirteen times greater; that of Melitopol, seventeen times greater, and that of Kiev (1), *ninety-two* times greater than before.

Given these results it would seem that the reform of the legislation respecting federations of co-operative credit societies ought to have led to a sudden and considerable increase in their number. But up to the present time nothing of the kind has taken place. During the three years that have passed since the reform, at most three new federations have been constituted.

This is in a great measure due to the slowness of the administrative procedure.

In Russia, every association, the rules of which have not been duly examined and approved by the competent authorities, is considered not legal, and consequently without civil personality. Now as regards co-operative credit societies—and consequently their federations,—the competent authority was no less important a body than the Council of Ministers of the Empire, and before the rules presented for approbation could reach it, they had to pass through a whole series of intermediate offices, a process which sometimes required years, as will be seen from the table given below, which shows the duration of the preparatory administrative procedure for the twelve Federations in existence on the 1st. of January in various years:

Number according to Date of Foundation	Federations	Date of		
		First Presentation of the Rules	Approbation of the Rules	Commencing Operations
1	Berdiansk . . . . .	1901	1901	1902
2	Melitopol . . . . .	—	1903	1903
3	Kiev . . . . .	—	1907	1907
4	Blagodarnoje . . . . .	1906	1907	1907
5	Yekaterinburg . . . . .	1905	1907	1907
6	Kuban . . . . .	1906	1911	1912
7	Nizhnii-Novgorod . . . . .	1908	1911	1913
8	Zlato-ust . . . . .	1907	1911	1912
9	Yekaterinoslav . . . . .	1908	1911	1912
10	Terek . . . . .	1908	1911	1913
11	Plock . . . . .	—	—	1913
12	Loschwitz . . . . .	—	—	1913

(1) The business done in 1910 and 1912 is here compared but not that done in 1911 which can not be taken into consideration, as the reform only came into force in the middle of that year.

Such slowness naturally hampered the formation of federations, and discouraged the promoters. For instance, the Federation of Kuban had twenty-two societies affiliated to it at the time when its rules were presented to the court of first instance. When, *six years later*, that is in 1911, the necessary sanction came from Petrograd, there were only nine societies to form the new federation. The thirteen others had either united themselves to federations already authorized or had lost all desire to federate.

Considerable progress was made in the matter in 1911, at the same time as the rules were reformed as above stated. In fact, the Council of Ministers officially authorized four different forms of model rules. It was then decided that in future the rules of new federations might be approved by the *local* authorities if in conformity with any one of these forms of model rules or with those of Federations already existing and authorized. Since then, the Council of Ministers itself only examines new rules which essentially differ from those authorized.

This is incontestably a very important facilitation. But, even simplified in this way, the administrative procedure is too complicated and too slow. This is eloquently proved by the preceding table and even better by the fact that on the 1st. of January of this year, seventeen new Federations were still awaiting the authorization of their rules before they could begin operations and even, at the moment of our writing, seven months later, only one has had its application granted.

We may add that these delays extend even to the authorization of the simple reform of the old rules. For instance, the federations of Blagodarnoje and Yekaterinburg, the rules of which were authorised before the reform of 1911 and which had no permission, in consequence, to contract loans, have not yet succeeded in obtaining authority to amend their rules in conformity with the reformed system, though they have been requesting this for years.

Happily a further simplification, or still better, a radical reform of the administrative procedure in connection with the laws on co-operative societies is now being considered. The Government, on the one hand, and the co-operative societies, themselves, on the other, are studying the means for arriving at a satisfactory solution. The day is not far off when Russian legislation will allow the federations of co-operative societies to develop as extensively as we have shown the isolated co-operative societies do.

We have seen that the twelve above mentioned federations include but a very few of the co-operative credit societies of the whole of Russia. With regard to this we may add, that, in consequence of the circumstances we have just mentioned, immense regions of their Empire do not yet possess any federated organisation of their numerous local co-operative Societies. So, leaving these aside and considering only those districts in which the principles of federation are firmly rooted, we obtain infinitely more satisfactory results, as shown by the following table :

Order of Foundation See Table 2.	Name of Federation	Date of Beginning Work	Number of Affiliated Co-operative Societies			Total Number of Co-operative Societies within the Field of the Federation	Percentage of Co-operative Societies Federated per District	Total Number of Members of Affiliated Co-operative Societies
			at the Time of Begin- ning Work	January 1st, 1913	June 1st., 1913			
4	Blagodarnoje . . . . .	1907	9	24	24	(1) 51	(1) 47.95	—
3	Kiev . . . . .	1907	4	68	91	252	36.12	87,398
10	Terek . . . . .	1913	33	33	33	94	35.10	20,514
6	Kuban . . . . .	1912	9	50	82	246	33.33	38,142
7	Nizhnii-Novgorod . . . . .	1913	13	13	61	196	31.12	13,000
2	Melitopol . . . . .	1913	5	26	26	150	17.33	33,930
9	Yekaterinoslav . . . . .	1912	13	27	40	233	17.17	16,990
5	Yekaterinburg . . . . .	1907	16	55	58	374	15.50	69,559
1	Berdiansk . . . . .	1902	4	20	23	150	15.33	23,148
8	Zlato-Ust . . . . .	1912	7	11	12	—	—	—
11	Plock . . . . .	—	—	—	—	—	—	—
12	Loschwitz . . . . .	—	—	—	—	—	—	—

(1) The figures in this table are those obtained by means of the Petrograd inquiry (see the "sources" at the beginning of this article), the more recent of the two inquiries. It must be observed, however, that, as regards the total number of co-operative societies belonging to the spheres of different federations and, consequently, also as regards the percentage of federated co-operative societies in each sphere, there is considerable divergence between the results of the two inquiries. Thus, for the spheres of action of the Federations of Berdiansk and Melitopol, the Kiev inquiry gave 30 and 31 adherent co-operative societies, which would make the proportion of federated societies in these two spheres 76.6 % and 83.8 %.

We cannot explain these differences; we merely point them out, adding that, as regards the other federations, the difference between the results of the two inquiries is considerably less.

As we see, in general, the federations begin with but a few affiliated co-operative societies, but the number increases very rapidly.

With regard to the field of action (district) of the federations, it may be remarked that hitherto there is only one, that of Nizhnii-Novgorod, the work of which extends over an entire province, and even beyond (into two districts of the neighbouring province of Kostroma). The others have a smaller field of action, one or more districts in the province in which the federation is situated or in an adjoining province.

In consequence of the difficulties incident to the formation of new federations, there is a marked tendency to extend the sphere of those already existing considerably. Thus, instead of taking the slow and trouble-



some steps necessary for the establishment of federations of their own, the co-operative credit societies of the provinces of Poltava, Podolia, and Chernigov, bordering on the province of Kiev, in preference, affiliate themselves to the great Federation of that province.

In general, in any given district, those co-operative societies which affiliate themselves to federations, are the richest. To convince ourselves of this, it will be sufficient to examine the following table :

Sphere of the Federation	Average Business Done by <i>all</i> the Co-operative Societies coming within this Sphere	Average Business Done by the Societies <i>Federated</i>
Yekaterinoslav . . . . .	32,649 roubles	47,593 roubles
Kiev . . . . .	53,920 "	106,638 "
Berdiansk . . . . .	99,967 "	126,857 "
Melitopol . . . . .	99,967 "	214,618 "
Kuban . . . . .	63,152 "	91,282 "

To illustrate the situation more fully, another example may be given. While the affiliated societies of the Federation of Melitopol represent only 17.33 % of the whole number, the total business done by these societies exceeds 34 % of that done by all the societies of the district. The same thing is seen in the Federation of Kiev. Here the number of affiliated societies is little more than one-third of the whole; while the total business done by these societies is more than half (55 %) of that done by all the co-operative societies of the same district.

This marked tendency of the richest co-operative societies to federate partly explains the reason of the proportionately large contributions paid to the federations by their adherent societies. The amount of these contributions is shown in the table given below :

	Berdiansk	Yekaterinburg	Kuban	Melitopol	Kiev	Yekaterinoslav	Terek	Nizhni-Novgorod
Entrance Fee (in roubles) .	100	100	50	100	50	0.20	0.10	25
Annual Contribution per Member of an Adherent Society (in roubles) . . .	0.50	—	1	1	1	—	—	—
						per member of an adherent society		

As the spread of federation among the co-operative credit societies in Russia has been so limited, and above all as the work of the federations is so restricted, these contributions seem to the poor societies too high in comparison with the advantages offered.

If now we arrange the federations of co-operative societies according to the total business done by them as shown on January 1st., 1913, beginning with the smallest amount, we get the following table :

Federation of Blagodarnoje . . . . .	68,898	roubles
» » Zlato-ust . . . . .	76,576	»
» » Yekaterinoslav . . . . .	79,446	»
» » Terek . . . . .	82,945	»
» » Berdiansk . . . . .	143,535	»
» » Yekaterinburg . . . . .	213,034	»
» » Melitopol . . . . .	245,516	»
» » Kuban . . . . .	286,334	»
» » Kiev . . . . .	1,195,150	»

The following table shows the amount of the deposits :

Federations	Amount of Deposits	
	in roubles	Percentage of Business Done
Yekaterinoslav . . . . .	6,854	8.6
Kuban . . . . .	72,196	25.2
Yekaterinburg . . . . .	87,738	41.1
Melitopol . . . . .	119,014	48.4
Berdiansk . . . . .	89,362	62.2
Kiev . . . . .	866,241	72.4

It is not the affiliated co-operative societies which deposit most extensively with the federations, but rather private individuals and various institutions, public or private. In the Federation of Kiev, for example, the deposits of affiliated societies only amount to 7 % of the entire deposits, in that of Kuban, to 6 %, in that of Berdiansk to 5 % etc. The number and value of the various deposits as given below, have been ascertained by means of the enquiry made by the Co-operation Department of the National Exhibition of Kiev :

Deposits	Federations of						
	Berdiansk	Yekaterinburg	Kuban	Melitopol	Kiev	Yekaterinoslav	Terek
of a maximum of 1,000 roubles . . . . .	28	105	59	19	339	4	0
» » 5,000 » . . . . .	14	21	6	2	125	5	9
» » 10,000 » . . . . .	3	1	2	3	14	0	1
of more than 100,000 roubles . . . . .	1	0	2	4	19	0	0
made by adhering co-operative societies . . . .	18	69	24	12	26	1	2

The relatively high figures given above for the Federation of Kiev are explained by the fact that it is more favourably situated than any of the others, in one of the most important commercial and industrial centres of the entire Empire.

The limited amount of working capital in most of the federations of Russian co-operative societies obliges them to procure capital under very unfavourable conditions. For loans contracted to increase their foundation capital, the federations pay from 5 % to 7 ½ % interest, according as the loan is made by the Zemstvos, by private persons or by private banks (the People's Bank of Moscow charges 7 and 7 ½ % on loans to the Federations). And to attract deposits to their banks, the Federations have been obliged to grant interest to the depositors, which, in particularly difficult circumstances, has sometimes risen to 9 %, as shown in the table below, which gives the different rates of interest paid by the different Federations :

	Berdiansk	Yekaterinburg	Kuban	Melitopol	Kiev	Yekaterinoslav	Terek	Nizhni-Novgorod
Current Accounts . . . . .	4.5 %	4 %	4.5 %	4 %	4.5 %	4.5 %	5 %	5-9
Deposits at Sight . . . . .	4.5	4.5	4.75	4	5	4.5	5	
Short Term Deposits . . . .	5-5.5	5-6	5	5-6	5.5	5.5	6	
Long Term Deposits . . . .	6	7	6	6.5	6-6.5	6	7.5	
Fixed Term Deposits . . . .	6	—	—	5	6-6.5	—	5	

The Federations, while paying very high interest for the capital at their disposal, were obliged then to ask a similar rate on the loans they made to their clients. The table below gives the statistics on this subject collected by the inquiry :

	Berdiansk	Yekaterinburg	Kuban	Melitopol	Kiev	Yekaterinoslav	Terek
Short Term Loans . . . . .	7 %	6-10 %	8 %	7.5 %	7 %	8 %	9 %
Current Accounts . . . . .	—	6-10	8	—	7.5	—	—
Long Term Loans . . . . .	—	6-10	—	—	—	—	—

The conditions being such, the adherent co-operative societies easily obtain loans on better terms than can be offered them by the Federations, whilst the latter do not play the important part they should as furnishers of capital to the co-operative societies, which would considerably contribute to the practical progress of the federal idea. In fact, if we arrange the different federations according to the value of the loans granted by them to the affiliated societies in proportion to the total amount of the sums borrowed by these same societies, we obtain the following results (position on January 1st, 1913) :

Federation of	Loans made to Co-operative Societies — (in roubles)	Total Business Done by the Affiliated Co-operative Societies — (in roubles)	Total Amount of Loans Contracted by Affiliated Co-operative Societies	Loans Granted by the Federations shown as Percentages	
				Business Done	Loans Contracted
Melitopol . . . . .	157,706	5,580,083	1,668,334	2.8	9.3
Yekaterinoslav . . . . .	79,500	1,282,587	670,931	5.9	11.4
Berdiansk . . . . .	80,200	2,917,726	644,873	2.8	12.5
Jekaterinburg . . . . .	145,274	3,106,386	561,960	4.7	25.8
Kuban . . . . .	250,317	4,397,796	1,002,539	5.7	25.0
Kiev . . . . .	947,956	7,251,392	1,937,692	13.0	48.9

In other words, in consequence of the hard conditions which the federations are obliged to impose, the sums borrowed by co-operative societies from them represent a proportionately small part of all the sums they borrow. The federation of Kiev alone finds itself in a position to meet about half the amount of the requirements of the affiliated societies.

The fault does not lie with the federations, which desire nothing better than to open their banks far more extensively, but the fact is that they cannot lend cheaply enough. To assure ourselves of this it is only necessary to compare these figures with those that follow, showing the amounts of the credits opened by the federations for their affiliated co-operative societies, credits which are far in excess of the sums actually borrowed by the co-operative societies in question :

	Nizhni Novgorod	Berdiansk	Kuban	Melitopol	Kiev	Yekaterinoslav	Total
Total Credit at the Disposal of the Affiliated Co-op- erative Societies	910,250	332,000	1,740,000	294,000	2,806,000	696,000	412,000
Minimum of Loans	—	2,000	10,000	3,000	5,000	8,000	3,000
Maximum of Loans	—	35,000	100,000	30,000	100,000	50,000	53,000

Finally, the greater part of the sums borrowed by the co-operative societies from the federations are short term loans. In the Federation of Kiev, for example, which is the most favourably circumstanced in this respect, the long term loans represent only 34 % of the total amount.

The financial business of these federations fortunately will only be temporarily so limited. That it is not larger is due chiefly to the restrictions the earlier law imposed on the work of the federations. The importance of the reform of the rules in 1911 is now beginning to be perceived, and the figures which we have given when compared with those for the preceding years, show a progress which justifies the brightest hopes for a not distant future.

A characteristic feature of these federations is that they all try to act as intermediaries in the purchase and sale of agricultural implements or produce. This is perhaps the most meritorious part of their work, for their object is in this way to combat the efforts of industrial and commercial trusts, which take unlimited advantage of the ignorance and credulity of the peasantry. Therefore, this action of the federations has been most warmly welcomed both by the peasants and by the local co-operative societies. Of this, the best proof is that, though only begun lately, such transactions already represent 31 % of the whole of the business done by all the federations. Here again, the Federation of Kiev occupies the first place. Then come those of Yekaterinburg, Berdiansk, Melitopol, and Kuban. In regard to the others we have no information.

In regard to purchase transactions, those for purchase of agricultural machinery and implements are the most important, representing more

than half the total purchase and sale business. Next in importance come those for building materials, seeds and chemical manures.

The business of sale of the produce of co-operative societies by the Federations has been too recently commenced and is as yet too unimportant for us to devote much time to it. We shall confine ourselves to saying that in the Federation of Yekaterinburg, in which the transactions of this kind are most extensive, they only amounted to a total of about 55,000 roubles for the year 1912.

The following table, giving in roubles the total amount of purchase and sale transactions, will serve to show the situation :

	Berdiansk	Yekaterinburg	Kuban	Melitopol	Kiev	Total
Agricultural Machinery . . . . .	116,459	61,270	1,495	63,640	93,877	336,642
Chemical Manures . . . . .	—	—	—	—	5,835	5,835
Seeds . . . . .	—	123,164	—	—	104	123,269
Building Materials . . . . .	20,492	—	33,493	—	106,921	160,913
Various Material . . . . .	23,439	—	—	—	5,550	28,990
Books, Stationery, etc. . . . .	926	—	—	—	41,538	42,464
Total . . . . .	161,318	184,435	34,993	63,640	253,828	698,215

On the sale of produce and the purchase of agricultural machinery for their affiliated societies the federations receive a commission, which, according to the character of the transaction, varies in the following manner :

	Purchase %	Sale %
Federation of Berdiansk . . . . .	2 - 7	—
"    Yekaterinburg . . . . .	1/2 - 5	1/2 - 5
"    Kuban . . . . .	2	1
"    Melitopol . . . . .	2	—
"    Kiev . . . . .	1 - 2	2 (for cereals 3 roubles per truck).

As regards the supervision and inspection of accounts of affiliated co-operative societies, the inquiry finds great differences among the different federations. While in those of Yekaterinoslav and Terek there was no

inspection made during the whole year, in that of Kiev there were as many as 74 carried out in respect to 72 different co-operative societies.

Outside the purely economic domain, the greater number of the federations occupy themselves largely with propaganda and agricultural education. Thus, the Federations of Kiev, Yekaterinburg, and Kuban already possess very considerable libraries, and that of Berdiansk is organising one and that of Terek has a similar organization in view. The Federation of Yekaterinburg has organized courses of instruction in agriculture and co-operation and the Federation of Terek is about to establish similar courses. They all publish and circulate books and pamphlets of propaganda. Those of Kuban and Yekaterinburg publish a periodical review, while that of Kiev publishes two.

The enquiry made for the Exhibition of Kiev furnishes us with some interesting particulars on the management of the different federations. Each one has a "Board of Management" charged with the general direction of the work of the federations and also a "Business Management" for the immediate discharge of current business.

In regard to their degree of education, general or technical, the members of these bodies may be classed in the following manner:

Federations	Business Management			Board of Management		
	Higher study (University etc.)	Secondary studies	Elementary studies	Higher studies	Secondary studies	Elementary studies
Berdiansk . . . . .	—	3	2	—	2	2
Yekaterinburg . . . . .	—	—	3	—	—	—
Kuban . . . . .	—	2	1	1	2	2
Melitopol . . . . .	—	4	1	1	—	3
Kiev . . . . .	1	—	2	1	1	2
Yekaterinoslav . . . . .	—	—	3	2	1	—
Terek . . . . .	—	1	2	1	—	4
Nizhnii-Novgorod . . . . .	—	—	3	—	—	3

Thus we see that, far from being in the hands of theorists educated at the university, the general business management rests with persons of average culture, a class generally represented by the most intelligent among practical farmers.

In this there are both advantages and disadvantages. It is an advantage that the federations are thus more closely connected with the rural classes, the peasantry, and it gives these more interest and more

confidence in the enterprise in the management of which they immediately participate; the disadvantage exists in the fact that the managing directors are often wanting in initiative and sufficient knowledge of business, so that they cannot give the federations the impulse required to make them progress and augment their popularity in co-operative circles.

It is usual to allow the members of the "Business Management" as well as those of the Board of Management some remuneration, consisting, in the first case, in an annual fixed salary; the others receive a counter for every sitting at which they have been present. The cost is shown in the following table (in roubles):

	Berdiansk	Yekaterinburg	Kuban	Melitopol	Yekaterinoslav	Terek	Nizhni-Novgorod	Kiev
President of the Business Management Board . . .	1,500	1,380	2,400	600	5	1,000	2	2,400
Member of the Business Management Board . . .	3 per day	1,000	1,800	300	per sitting —	900	per sitting 1.50 per sitting 600	1,800
Inspector . . . . .	—	—	1,800	—	—	—	—	1,200
Presidents and Members of the "Board of Management" . . . . .	3	—	—	5	5	5	5	3

To these sums must be added travelling allowances, varying with the distance and means of transport.

These payments explain, to a certain extent, the composition of the boards; for the remuneration would be absolutely insufficient to attract persons of superior education.

Besides the members of the boards, the federations all have a certain number of employees at fixed salaries. The number of these employees, with the maximum and minimum of their salaries, is shown in the following table:



	Berdiansk	Yekaterinburg	Kuban	Melitopol	Kiev	Yekaterinoslav	Terek
Number of Salaried Employees .	3	7	—	3	14	1	2
Maximum Salary . . . . .	360	1,200	1,500	1,000	1,200	900	240
Minimum Salary . . . . .	120	60	360	300	120	—	180

We shall borrow from the report of the enquiry made by the Petrograd Branch (See our sources) the following table showing the financial condition of the various federations and giving us means of forming a more accurate idea of the work done by the Russian credit societies:

*Balance Sheets of Federations of Co-operative Credit Societies*

	Kiev		Melitopol		Berdiansk	
	January	June	January	June	January	June
<i>Debits.</i>						
Foundation Capital :						
Members' Shares . . . . .	48,531	84,806	30,896	37,151	13,130	—
Own Capital . . . . .	2,524	2,524	891		725	
Entrance Fees . . . . .	4,300	5,350	2,500		—	
Sums Borrowed from the Imperial Bank . . . . .	—	—	—	—	—	33,753
Sums Borrowed from Small Credit Department . . . .	—	—	—	—	—	—
Sums Borrowed from Savings Banks . . . . .	30,000	80,000	10,000	10,000	20,000	—
Other Loans . . . . .	8,000	8,000	954	954	1,900	—
Reserve Capital . . . . .	1,128	1,128	—	3,321	—	3,334
Special Funds . . . . .	2,229	2,229	5,275	5,275	3,318	—
Deposits . . . . .	560,771	1,069,569	81,098	42,183	89,361	77,079
Current Accounts . . . . .	305,470	—	37,915	—	—	—
Sums Borrowed . . . . .	179,581	237,900	64,000	22,438	—	—
Contractors . . . . .	23,904	91,452	7,494	36,220	10,675	66,179
Order Account . . . . .	—	—	—	—	—	—
Payments for Purchases . .	409	941	—	—	—	—
Produce of Sales . . . . .	152	222	—	—	—	100
Rediscount . . . . .	—	—	—	97,000	—	—
Transfers . . . . .	8,023	8,223	364	141	2,380	46
Profits and Interest . . . .	20,123	74,364	4,126	5,251	2,044	4,150
	1,195,150	1,666,715	245,516	260,044	143,535	183,684
<i>Credits.</i>						
Available Amounts . . . . .	207,798	1,188	50,379	4,908	38,446	24,145
Negotiable Paper . . . . .	500	500	7,246	7,246	—	—
Term Loans . . . . .	658,096	1,071,022	157,600	195	80,200	—
Special Current Accounts . .	289,860	475,220	29,397	177,900	—	144,377
Securities . . . . .	25,253	70,679	—	57,483	11,701	—
Goods . . . . .	1,538	1,522	17	4	9,148	7,550
Real Estate . . . . .	2,229	2,640	713	745	1,337	1,373
Various . . . . .	8,543	20,402	31	4,125	1,437	—
Expenses and Losses . . . .	—	17,398	—	6,528	—	3,733
In Hand . . . . .	1,330	6,141	124	835	1,263	956
	1,195,150	1,666,715	245,516	260,044	143,535	183,684

(\*) Fractions of roubles (kopecks) have been omitted.

*n Russia in January and June, 1913 (in roubles (\*))*

Kuban		Yekaterinburg		Yekaterinoslav		Terek	Zlato-ust	Blagodar- noje
January	June	January	June	January	June	January	June	January
33,110		1,765	—	6,925	10,003	18,225	16,100	8,700
— 2,500		—	—	—	3,994	—	—	—
	92,564	—	—	2,762	—	—	—	—
—		—	—	—	—	—	—	—
—		—	—	—	—	—	—	—
30,000	—	—	—	20,000	20,000	30,000	—	—
—	—	—	540	—	—	—	—	—
—	—	4,580	6,032	—	—	—	15,000	1,550
341	3,621	1,072	2,277	390	563	1,823	—	—
72,196	84,502	87,737	46,910	6,854	41,267	50,165	3,761	—
—	—	2,496	—	—	—	—	—	—
120,366	162,298	45,430	97,768	42,400	—	—	37,773	—
25,740	42,452	66,491	60,103	—	39	1,603	—	53,294
—	—	—	—	—	—	—	—	—
—	—	—	—	—	186	—	—	—
—	—	—	—	—	—	—	—	—
—	2,120	—	2,784	—	79,900	—	—	—
2,060	8,776	2,226	1,859	116	25	60	—	5,354
—	8,978	1,225	600	—	5,185	4,838	2,342	—
286,334	405,314	213,034	218,877	79,446	163,154	106,715	76,576	68,898
1,626	16,264	4,085	—	1,007	10,716	4,764	—	3,501
—	—	2,500	2,500	500	510	—	—	—
215,694	294,408	145,274	—	76,500	—	96,100	48,907	—
34,623	29,257	2,156	2,719	—	144,800	—	—	—
24,510	39,698	—	149,851	—	—	1,176	—	41,911
1,230	2,497	57,270	61,337	—	—	—	21,906	19,362
2,671	2,726	1,311	1,489	569	645	1,290	167	855
1,218	4,927	—	681	—	—	10	—	—
306	8,345	—	—	369	5,986	1,821	1,936	855
2,159	7,189	436	297	500	505	1,553	3,660	2,388
286,334	405,314	213,034	218,877	79,446	163,154	106,715	76,576	68,898

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION

### GENERAL.

SASSEN (Dr. J. L.): *Die Entwicklung der Genossenschaftstheorie im Zeitalter des Kapitalismus (The Development of the Theory of Co-operation in Capitalistic Times)*. Munich, 1914. pp. 192.

The co-operative movement, says Dr. Sassen, has produced a large number of periodicals, reports, enquiries and occasional essays. But most of these publications are of a descriptive character and seldom provide material for working out a theory. He goes on to say, not only have we today no generally accepted theory of co-operation, but we have not even a definition of it.

This is due in part to the great variety of its forms and objects which conceals the simplicity of its principles.

In his exposition, our author occupies himself only with the co-operative ideas held by the social reformers of the nineteenth century and considers co-operation as a typical instrument for the reform and perhaps also the complete transformation of the existing social order, in contrast with the conservative intentions of Raiffeisen and Schulze-Delitzsch.

He institutes a comparison between modern co-operation and the older co-operative systems. In spite of profound differences, the two systems, have a common object in the mutual assistance of their members. The principle inspiring modern co-operation seems to our author to consist in the removal of the opposition between individual and social liberty, between personal liberty and the limitations imposed by society.

After criticising the various definitions that have been given of co-operation, Dr. Sassen gives his own, according to which, "*co-operation means the union of an unlimited number of persons on the basis of individual independence (Selbsthilfe) and democratic equality, with the object of improving the conditions of the members by means of a collective undertaking for production or distribution*".

He goes on to consider minutely the development of the theory of co-operation through the older socialism, Christian socialism and socialist "*revisionism*". In a final chapter, he notes the very recent revival of the study of co-operation as a result perhaps of the development of this "*world power*" which, at the beginning of the twentieth century could

show 66,000 associations with 12,000,000 members and now is represented by 75,000 associations with 16,000,000 members.

The social tendencies of the day give evidence, on the one side, of an increasing accentuation of the capitalistic character of economy and, on the other, of symptoms of an increasing movement in the direction of democracy and socialism. The influence of the co-operative societies tends in the latter direction, and, in our author's opinion, one of the most important problems of modern political economy is how to recognise co-operation as an element of economic and social reform.

#### CANADA.

DESJARDINS (ALPHONSE): *The Co-operative People's Bank*. Publication of the "Russell Sage Foundation". New York City, 1914. pp. 42.

Alphonse Desjardins was one of the earliest pioneers and is still one of the most fervid apostles of co-operative credit both in Canada and the United States. To his initiative are due those co-operative people's banks that have attained such considerable development in Canada, conferring great benefits upon the poorer classes of the cities and country districts, as well as of the mining localities and even the regions of recent colonisation.

The work we have before us gives a brief account of their action and is at the same time a serviceable tract in favour of their principles. In a brief introduction, the author examines the various systems of popular credit, ancient and modern; then he describes the work and characteristics of the Canadian banks of this class (liability limited to shares (5 dollars each payable in instalments and withdrawable), right to make deposits reserved to members, officers elected by the members etc). This account is accompanied by statistics showing the very satisfactory results attained up to the present.

#### UNITED STATES.

HAM (A. H.) and ROBINSON (L. G.): *A Credit Union Primer*. The Russell Sage Foundation. New York. 1914.

This is, as far as we know, the first book of its type to be published in the United States, though similar manuals of co-operative banking are common enough in Europe. The joint authors have done their work well, as was to be expected. As Director of the Division of Remedial Loans of the Russell Sage Foundation for the past six years, Mr. Ham, has had an excellent opportunity of studying at first hand the problem of small credit in cities,

while Mr. Robinson has for ten years been General Manager of the Jewish Agricultural and Industrial Aid Society which organised the first Credit Unions in the United States. Together, the authors were largely responsible for the passage of the New York Credit Union Law of 1914. This Law (Chap. 369, Laws of 1914) is given in full in the *Primer* which consists of four parts: (1) An Introduction which is in the nature of a short historical sketch of the development of personal credit associations in various countries; (2) The information necessary for the successful organisation and administration of a Credit Union conveyed in the form of questions and answers; (3) A description of the different books and forms required in the working of a Union; (4) The provisions of the New York Credit Union Law. The authors have succeeded admirably in compiling a useful manual of co-operative credit and the Russell Sage Foundation is to be congratulated on the book's timely appearance.

#### ITALY.

ATTI DEL PRIMO CONGRESSO DELLE COOPERATIVE E MUTUE AGRARIE DELLA SARDEGNA (*Acts of the First Congress of the Sardinian Agricultural Co-operative and Mutual Societies*). Oristano, December 21st.-23rd., 1913. Cagliari. Stabilimento Industria Tipografica, 1914, pp. 116.

These Acts of the first Congress of the Sardinian Agricultural Co-operative and Mutual Societies, besides giving a report of the discussions that took place at the Congress, contain two interesting reports, one by Dr. Giuseppe Dessi, on Mutual Livestock Insurance and Reinsurance in Sardinia, the other by Prof. Annibale dell'Aglio, on the Organization of Livestock Improvement and Dairying in Sardinia. The volume contains a table showing the agricultural co-operative and mutual societies existing in the provinces of Cagliari and Sassari on December 20th., 1913, as well as the rules of the new "Federazione delle Cooperative e Mutue Agrarie della Sardegna" (*Federation of Sardinian Agricultural Co-operative and Mutual Societies*).

#### RUSSIA.

Сводъ Балансовъ Обществъ Взаимнаго Кредита дѣйствующихъ въ Россіи на 1 января 1914-го года (Издание Особенной Канцеляріи по Кредитной Части). (*Collection of Balance Sheets of Mutual Credit Societies working in Russia as shown in the statements for January 1st., 1914*). Published by the Special Chancery for Credit Business. Petrograd, P. P. Solkin, 1914. 38 pages folio.

The interest of the present issue of this half yearly publication of the Special Chancery for Credit Business is increased by the fact that the oldest of the Mutual Credit Societies now working in Russia, bearing

the name of the "Premier Mutual Credit Society of Petrograd", began operations in 1864 and, consequently, the "Collection" affords us in a way a summary view of the entire development of the institution during half a century. Under such conditions, and in consideration of the importance for rural economy of the development of mutual credit, we propose to extract from the simple list of balance sheets summarised in the "Collection", and publish in the next number of our Bulletin some statistics showing the general progress of the Russian Mutual Credit Societies and their financial situation at the beginning of the current year. We limit ourselves for the present to observing that at the date indicated the total number of Societies was 1,108 and the total amounts shown in their balance sheets came to more than 1,000,000,000 roubles, that is to say nearly 3,000,000,000 francs, giving an average per society of 956,000 roubles or more than 2,500,000 francs.

#### RUSSIA (FINLAND).

ANDELSKASSORNAS CENTRAALKREDITANSTALT AKTIE BOLAG (Osuuskassojen Keskuslaniarahasto Osakeyhtiö) och Finlands Andelkassarörelse åren 1903 till 1912 (*The Central Bank of Credit Co-operative Societies of Finland (Society Limited by Shares) and the Progress of Co-operative Credit in Finland between 1903 and 1912*). Helsingfors. Yhteiskirjapaino Osakeyhtiö, 1914. in 7 volumes. 152 pages.

Recently, on closing its accounts for its tenth working year, the Central Bank of the Credit Co-operative Societies of Finland (in Finnish, Osuuskassojen Keskuslaniarahasto; and in Swedish, Andelskassornas Centralkreditanstalt) published a most interesting general report of its work during the first ten years of its existence, as well as of the general development of co-operative credit in the Grand Duchy.

The absolutely unexampled centralisation characterising the general organization in Finland, as well as the exceptionally varied contents of the book, give this remarkable publication quite special interest. So we propose to give an ample summary of it in one of the following numbers of our Bulletin. Let us now limit ourselves to a few general remarks.

The first part of the report gives an account of the foundation and progressive development of the Central Bank of the Co-operative Credit Societies of Finland, an institution, obliged, by certain legislative provisions, to assume the form of a society limited by shares. Founded on the initiative of the "Pellervo", the parent society of all the co-operative organizations of the country, the Central Bank, on December 31st., 1903 (the year of its foundation), had as members only eight banks, which had together only 253 members. Ten years later, on December 31st., 1913, the number of co-operative credit banks affiliated to the Central Bank exceeded 400, with a total number of more than 20,000 members. In 1903, the credit applied for from the Bank was only 114,000 francs and

42,000 francs were granted. In 1912 7,500,000 francs were applied for and loans were made to the amount of 5,000,000 frs.

For the tenth anniversary of its foundation, the Central Bank of the Credit Co-operative Societies organized an enquiry among its customers, in order to ascertain broadly "the general influence of the co-operative credit banks on the intellectual and economic development of Finland". The results of this enquiry, published in the second part of the report we are dealing with, form incontestably the most important portion of it and it is to this we especially intend to return.

The problem to be studied was divided under three principal heads :

(1) The influence of the co-operative banks on the development of agriculture ;

(2) The influence of these same banks as an element of intellectual education ;

(3) And finally the importance of the co-operative credit banks as a factor in ethical progress.

The statistics furnished in regard to the first point have been grouped together in the five following classes : Influence of the co-operative credit banks in : (1) the increased area of the holdings cultivated or improved, (2) the increased number of farm buildings, (3) the increase in the number of the head of livestock, (4) the technical methods of cultivation and agricultural technique generally, and, finally (5) economic co-operation.

This publication of the Central Bank of the Co-operative Credit Societies of Finland concludes with a whole series of regulations, forms and miscellaneous information (we shall make special mention of a bibliography of the principal elementary works in Swedish and Finnish on Co-operative Credit), which makes this excellent book much more a concise and complete handbook of the co-operative credit institutions in the Grand Duchy than a simple sketch of ten years' work of the most important of them.



## Part II: Insurance and Thrift

### ITALY.

#### INSURANCE AGAINST ACCIDENTS IN AGRICULTURAL WORK

by Prof. PROSPERO FERRARI.

*Secretary of the Royal Academy of "Georgofili"*  
*and Manager of the Tuscan Mutual Agricultural Insurance Society.*

If Italy has as yet no special law for insurance against accidents in agricultural work, that is not to say that nothing has been done, on the initiative of private bodies, which have in part made up for the omission in the law in force which protects industrial workmen generally, and also a few individuals employed only in special kinds of agricultural work. Attempts have been made to make up for the omission in the law, in a succession of bills, which, however, for various reasons, have never come up for discussion in Parliament.

This delay in the passing of a special law in regard to accidents in agricultural work has perhaps not been a great evil, since, meanwhile, the Institutions that have been founded independently, on private initiative, have contributed material for the study of the important question, which is the more complex in Italy, owing to the various methods of cultivation applied on the farms, on account of the special conditions of the Italian Regions differing so greatly from each other in respect to the crops cultivated in them and their agricultural economy.

Students of the manifestations of thrift, and especially of social insurance, will perhaps find it not uninteresting to consider the precedents of agricultural accident insurance in Italy as now applied, and the fundamental conceptions by which the various bills above referred to were inspired, while it is to be hoped that the solemn promise made by the Prime Minister, the Hon. A. Salandra, to present a definite bill when Parliament

opens may be maintained, even if the gravity of the conditions of international politics justify some delay in the study of social problems affecting our nation alone.

# § I. THE LAW OF JANUARY 31ST., 1904 (NO. 51) AND AGRICULTURAL LABOUR.

In March, 1888, a law was passed, amended in 1893, by the 29th. article of which the Government was given power to unite in a single text the provisions of the law as amended, as was done only eleven years later, when a Royal Decree authorized Law no. 51 of January 31st., 1904 (final text) on accidents in work, by which the matter is still regulated, although for some time the question has been under study how to introduce into it the amendments and reforms that experience has shown to be necessary.

The law in force, then, it may be said, exclusively concerns workmen engaged in industries and only a few of those engaged in agricultural work. In fact insurance is only compulsory:

1st., *Whatever the number of the employees :*

(a) in undertakings for building or demolition of houses and for lading, carriage and unloading of building material or material removed from buildings demolished, and amongst such undertakings are included all works of building, restoring, completing, altering or demolishing buildings in town or country;

(b) in connection with machines set in motion by *inanimate* forces or their motors, when these machines are used for industrial or agricultural purposes... or in subordinate work as a result of which the workmen are exposed to injuries from such machines or their motors.

2nd., *When there are more than five employees engaged in :*

(a) transport by land ;

(b) in works of reclamation undertaken with the object of rendering healthy and fit for cultivation entire areas, either by means of canals or drains, or by raising the level or by drainage with the help of machines ;

(c) in work in connection with landslips and the regulation of the mountain basins ;

(d) in felling trees and thinning forests and transporting lumber to the ordinary depositing sites on the banks of rivers or torrents or near cart roads and launching it on the rivers or torrents.

As we see, while the obligation of insurance is very clear in the case of those engaged in building, restoring and altering buildings and working with machines set in motion by inanimate forces, practically, it is quite open to discussion, whether it exists in the case of transport, wood cutting in forests, reclamation work and work undertaken to bring land under cultivation, when, not only the number of workmen employed, but also the character of the undertaking is uncertain, when such work is undertaken by the proprietor for his own account.

Thus, there are many cases in which it is doubtful whether insurance is or is not compulsory according to the provisions of the law of January 31st., 1904, and even if they desired to conform with the law, agricultural and forestry businesses would find almost insurmountable difficulties in certain of the regulations, such as, for example, those regarding the keeping of pay books and registers of employees with the accuracy the insurance institutes may demand and the non-observance of which they often take advantage of in order to contest claims for accidents.

The characteristics of agricultural industry are such and so different in different regions that it is not considered possible by means of suitable amendments to extend the application of the law in force in regard to accidents in industrial work generally to those in agricultural industry and so the necessity has been recognised of arranging for a special law for insurance against accidents in agricultural work to apply in the case of all kinds of work for which insurance is not now compulsory but which contribute a large percentage of accidents as compared with those kinds contemplated in the law in force.

Unfortunately, however, between 1906 and today, a succession of bills have been brought forward in which the fundamental principles vary considerably, as will be seen from the brief comment we are about to make.

## § 2. BILLS FOR INSURANCE AGAINST ACCIDENTS IN AGRICULTURAL WORK.

*CONTI Bill.* — It is not possible to deal with the subject of insurance against accidents in agricultural work, without mentioning the name of Senator Conti, who was its first champion; since as long ago as 1889 he had already provided for the insurance of the members of the *Fratellanza* society, founded by him among the peasants, against accidents in their work, by means of their registration with the National Society which has its head quarters at the Savings Bank of Milan.

It was therefore natural that he should have been the first to draft a bill on *Compulsory Insurance of Peasants against Accidents in their Work*, which was presented in the Senate on January 31st., 1907 and taken into consideration. This bill was submitted, under the auspices of the Italian Farmers' Society, to the agricultural associations for their opinion, and Senator Conti himself read a report on it on February 26th., 1908. In view of the suggestions made, he presented a new bill on "*Compulsory Insurance of Holdings against Accidents to Peasants in their Work*", which was presented and considered in the Senate on March 30th., 1909. The bill was favourably reported on by the Central Office of the Senate which made some slight amendments in it.

The fundamental principles of the bill were :

The insurance of labourers is a duty attaching to holdings : but the cost of it, the premium, must be paid by the tenant farmer who works the farm, and, in case of metairies, half by the farmer and half by the metayer. Only

such accidents must be taken into consideration as produce death or total or partial permanent disablement. The labourers may be insured in private societies, in duly recognised and authorized institutes or in the National Society for Insurance against Accidents in Work. The premium must be calculated at so much per hectare, according to the class of farm ; compensation in case of death or total permanent disablement must be fixed at 2,500 frs., but only 1,000 frs. if the victim were unmarried and not supporting a family. In Senator Conti's original bill, compensations for temporary disablement were also contemplated, amounting to 1.50 frs. and 1 fr., according to the conditions of the victim, but the Central Office of the Senate did not approve this.

The fundamental idea of the bill was good, because it established the principle of premiums in accordance with area, taking account of the various uses which the farm serves and not of the individual labourers, as it is not possible to determine the degree of their risks, their wages and number varying so considerably at different seasons.

**LUZZATTI-RAINERI Bill.** — The Conti bill was not discussed in the Senate, as in the meantime the Hon. Signor Luzzatti, Prime Minister and Minister for Home Affairs, and the Hon. Signor Raineri, Minister of Agriculture, on December 5th., 1910, had laid before the Senate a Draft Law on "*Agricultural Labourers' Accidents in their Work*", prefacing it by a valuable and complete report on the important question, examined in respect to precedents and to the legislation and application of the laws in other countries and also to what has been done in Italy on private initiative, as well as to the relation between the burden of compulsory insurance, the revenue of the land, the estimated number of labourers, the area of the farms and their manner of cultivation, in order to show how agriculture may very well bear the burden of compulsory insurance so as at least to give partial compensation for the serious injuries which persons employed in agricultural work often suffer.

The fundamental principles of the Luzzatti-Raineri bill were as follows: The law was to apply in the case of all employees on farms, engaged in any kind of work, except those contemplated in the law of January 31st., 1904.

The insurance was to cover accidents causing death or permanent disablement, either total or partial, if involving a reduction of working capacity of more than 20 %. but not temporary disablement ; the premium was to be fixed in relation to the area and the class of cultivation ; the cost of the insurance to be borne by the proprietor of the farm if he worked it himself, by the tenant if it were leased and, in case of metairies, in the proportion of three fifths by the landowner and two fifths by the metayer. Compensation to the amount of 2,000 francs was to be given for the death of an adult man, 1,000 frs. for that of an adult woman, 500 frs. for that of a child : for total permanent disablement, 2,500 frs. if the victim were a man, 1,200 frs. if a woman, and for permanent partial disablement the amount was to correspond with the reduction of working capacity, provided it were not less than 20 %. Insurance in private institutes authorized for work in the

Kingdom was to be free and permission was to be given for the formation of consortiums authorized also to insure the employees engaged in the occupations contemplated in the law of January 31st., 1904, on condition of their conducting this business separately; the insurance consortiums were to be exempt from all taxes, and the intermediaries, who for their own ends offered their services to labourers victims of accidents, were to be liable to punishment and fines in accordance with the law.

This bill was examined by the Central Office of the Senate, which, however, in a report of March 25th., 1912, rejected it, by three votes to two, on account of the principle of compulsory insurance of agricultural labourers contained in it, considering that the free contribution of the land-owners and the labourers would be a guarantee of the loyal and effectual application of a system for the grant of compensation to victims of accidents in agricultural work.

This conclusion was too hasty and two members of the Central Office dissented from it; but the bill was not discussed and meanwhile the Luzzatti Ministry fell.

*The 1913 Proposal.* — We give this name to a proposal which, although it was drafted while the Hon. Signor Nitti was Minister of Agriculture, cannot yet be given his name, as it was presented neither in the Senate nor in the Chamber. It was only a draft law *for the extension of compulsory insurance to cover accidents in agricultural work*, prepared by a Commission appointed by the Minister Nitti, but it was published, and examined, praised, criticised and probably, with only some slight amendments, would have been presented as drafted for discussion in Parliament, if political circumstances had not led to the fall of the Ministry in March, 1913, and it is not known if the present Minister of Agriculture, the Hon. Signor Cavasola, will bring it forward again or introduce a new bill.

It is all the same desirable to mention the fundamental principles by which the 1913 proposal was inspired, because some are quite new and differ from those in the bills already considered.

The cost of the insurance was to be borne by the head or the manager of the farm or forestry business; the premiums, fixed in relation to the area and the risks of the various kinds of farm, were to be collected, by means of lists to be forwarded to the collector.

Compensation was fixed as follows for deaths:

Age				Men	Women
From	9 to 15 years	. . . .	frs.	500	frs. 500
"	15 " 23	" . . . .	"	2,000	" 1,000
"	23 " 55	" . . . .	"	2,500	" 1,250
"	55 " 70	" . . . .	"	1,500	" 800

And for permanent total disablement:

Age				Men	Women
From					
9 to 15 years	.	.	.	frs. 1,200	frs. 1,000
" 5 " 23 "	.	.	.	" 2,500	" 1,500
" 23 " 55 "	.	.	.	" 3,250	" 2,000
" 55 " 75 "	.	.	.	" 2,000	" 1,000

Compensations were to be paid in cash, if, deposited in the Cassa Nazionale di Previdenza (*National Thrift Institute*), they would give an income of less than 250 francs a years. To the compensations for permanent disablement there was to be added one tenth for every child under 13 years of age, up to the amount of 50 % of the compensation. The insurance was to be arranged exclusively with *Compulsory Insurance Consortiums*, the number, head quarters and district of which were to be fixed by the Agricultural Department, and which were to be authorized freely to undertake other branches of insurance. The management of the Consortiums was to be entrusted to a meeting of from twenty five to fifty members, two fifths of them chosen by representative organizations of agricultural employers, two fifths by representative organizations of labourers and one fifth by the Provincial Council.

Reinsurance of from 25 to 50 % of the risks in the National Society for Insurance against accidents in work was to be compulsory. Disputes in regard to claims for compensation and payment of same, were to be dealt with by the Provincial Commissions formed to deal with agricultural accidents, in accordance with the procedure established in the law on Arbitration, and consisting of three members, of whom one was to be a judge of the Court, and the others representatives of the employers and the labourers respectively. The Consortiums were to be exempted from all taxation. Severe punishments and fines not exceeding 2,000 frs. were to be imposed on intermediaries who gave assistance to the labourers for remuneration. The characteristic points in this draft bill were: compulsory insurance with no liberty of choice of the institute in which to insure, as the National Accident Insurance Society was to be substituted in all cases in which a Consortium could not act; compulsory reinsurance in the National Society; the institution of Provincial Commissions with procedure similar to that of the Councils established by the law on Arbitration; and the variability of the compensation with the age of the victim.

It is not our part here to touch on the praise and criticisms this bill received from the Commission, because it is very probable that the new Minister of Agriculture will make radical changes in it, and it is to be hoped that, finally, a law will be presented to the Chamber or the Senate adapted to the special conditions of Italian agriculture, based on the experience of the Institutions founded on private initiative, of which it will be well to say a few words.

### § 3. PRIVATE UNDERTAKINGS FOR INSURANCE AGAINST ACCIDENTS IN AGRICULTURAL WORK.

While these various bills have had so little success that they were not even discussed in the two Houses of Parliament, the difficulties in the way of insurance against accidents in agricultural work were faced and overcome by private institutions intelligently and economically, because on the basis of mutuality, and we shall here mention in chronological order the Institutions still working that have furnished statistical and economic data of considerable importance.

*Cassa mutua degli agricoltori per gli infortuni degli operai sul lavoro. Sede a Vercelli* (Agricultural Mutual Society for Insurance of Labourers against Accidents in Work, with head quarters at Vercelli in Novara). — On February 9th., 1903, there was founded at Vercelli a Co-operative Society for the insurance of all the agricultural employees of its members against accidents in their work. After the law of June 28th., 1903, amending that of March 17th., 1898, and then by Royal Decree of January 31st., 1904, no. 51, made the final text, had rendered insurance against accidents compulsory for certain classes of agricultural labourers, or rather in the case of certain definite work (machine threshing, felling trees in forests, working with machines set in motion by inanimate force, etc.), the Co-operative Society, by deed of March 4th., 1904, transformed itself into a Consortium, and founded the *Cassa Mutua degli Agricoltori* (Farmers' Mutual Society), regularly constituted as an incorporated body by Royal Decree of August 10th., 1904. So it has now been working ten years and the Report for the year 1913 shows that it has 741 members with 934 policies, for an area of 97,900 hectares cultivated in various ways, and the amount of wages of the labourers for whom premiums are paid is 17,032,403 frs. The premiums for 1913 amounted to 79,599.05 frs. The net capital was 111,169.80 frs. The premium is established in relation to the area and the kind of cultivation, taking account of repayments; it varies from 0.52 fr. to 0.61 frs. per hectare. Compensation is given in case of death and total and partial permanent disablement, but up to 1909 not for temporary disablement; during the last four years compensation has also been given to labourers for whom insurance is not compulsory by the law, and, under this head, in 1913, 2,600 frs. were paid in compensations for 1,350 days.

In ten years claims to the amount of 239,412.05 frs. were paid for accidents:

	Frs.		Frs.
1904 . . . . .	2,855.00	1909 . . . . .	8,442.51
1905 . . . . .	10,248.00	1910 . . . . .	25,433.26
1906 . . . . .	15,568.35	1911 . . . . .	28,073.05
1907 . . . . .	23,855.12	1912 . . . . .	42,568.70
1908 . . . . .	17,839.90	1913 . . . . .	58,638.15

The principal merit of the Vercelli Mutual Society, besides that it was the first to insure against accidents in agriculture, is that it based the insurance not on the amount of the wages of each individual labourer, but on that of all the labourers required for a certain definite area, according to the different kinds of cultivation; consequently the premium was in relation to the area and the previous identification of the employee executing the work was not required, and so also the registers of pay and of labourers required by the Institutes insuring industrial labourers were not necessary. The amount of labour for every kind of cultivation being established, and it being ascertained in how many ways a farm is cultivated, either in view of rotation of crops or the succession of agricultural labour, it was found that the average proportions of wages for the territory of Vercelli and the adjacent regions were 157 fr. and 175 fr. per hectare and the premiums calculated at 5 % were 0.785 fr. and 0.875 fr. per hectare, reduced by refunds made at the end of the working year to 0.52 fr. and 0.62 fr.

*Cassa mutua dei fondi rustici in Toscana per l'assicurazione del personale delle aziende agrarie contro gli infortuni sul lavoro. Sede in Firenze* (Tuscan Agricultural Landowners' Mutual Society for Insurance of Farm Labourers against Accidents in their Work, with head quarters in Florence). — By deed of December 4th., 1908, this society was founded on the initiative of the *Comizio agrario* of Florence and, by Royal Decree of February 25th., 1909, registered in the Court of Accounts on March 17th., 1909, it was declared to be an incorporated body. It began work on April 5th., 1909, extending its action over the whole of Tuscany, that is the Provinces of Florence, Arezzo, Siena, Lucca, Pisa, Leghorn and Grosseto. It has completed five years of work and its report shows that on February 28th., 1914, on which date its working year closed, there were 668 registered members, owning 835 farms, with 127,932 hectares insured cultivated with grain only, or at once as cornfields, vineyards, olive yards, and orchards; 2,121 hectares consisting only of vineyards and oliveyards, 118,546 hectares of copse wood and forest trees and 47,231 hectares of uncultivated grazing ground, in all 295,830 ha.

The Florence Mutual Society insures all persons who are engaged in any kind of work permanently or temporarily, and, since almost everywhere the farms are worked as metairies, that is the metayer receives half the profits, not only all the members of the metayers' families are insured, but also temporary hands, day labourers, bricklayers, labourers engaged in the forests or in threshers etc.

On February 29th., 1904, the total number of these persons was calculated at 112,718 members of metayers' households, 41,728 men and boys over 13 years of age, 32,834 adult women, 6,345 men and women over 65 years of age and 31,811 children under 13 years of age, who were, however, not insured. Besides the above metayers and their families, there are about 6,600 temporary employees, some of them engaged in work in which insurance is compulsory, for example, bricklayers, woodcutters and labourers working with machine threshers, also insured in the Mutual Society. The annual premium is fixed in relation to the area of the farm, account



being taken of the various kinds of cultivation for which it serves, the relation between the area and the rural population, the special risks in some kinds of cultivation or transformation of produce and machine work, etc.

The complex and various agricultural conditions in the different provinces of Tuscany has made it necessary to have premiums calculated in relation to area varying from 0.30 fr. to 1.50 fr. the hectare for grain farms and farms on which grain and ligneous plants are grown together, while the premiums are fixed at from 0.40 fr. to 0.20 fr. per ha. in the case of copse wood and forests.

In 1913-14 the general average premium per hectare for the 129,809 ha. of cultivated land was really 0.69 fr. The premiums have been reduced by 20 % for 1914, as the preceding working years showed that such reduction could be allowed without endangering the solvency of the Mutual Society, which has already formed a reserve fund of sufficient amount, and, in case of the expenditure exceeding the receipts, a supplementary contribution will be called for from each member in proportion to his premiums.

The Mutual Society has arranged to form a reserve fund as an additional guarantee of its work, by means of an entrance fee of 0.10 fr. per ha. cultivated and 0.05 fr. per hectare of forest or grazing ground, and the interest on the amounts held in deposit. At the end of the 5th. working year, on February 28th., 1914, the reserve fund amounted to 96,105.14 frs., making, with the 7,200 frs. of the special reserve fund constituted by means of grants from the Tuscan Savings Bank and Agricultural Comizii, a total of 103,305.14 frs., which has allowed of a reduction of from 5 to 4 per mill. on the total annual wages, as estimated for the year, namely 28,867,520 fr., so that the amount of the ordinary premiums has been reduced from 144,337.60 fr. to 115,470.08 fr. for the year 1914-15, and the average premium of 0.69 fr. per ha. in the case of land cultivated with grain or trees, exclusive of forest trees, has been reduced to 0.32 fr. and in the case of copse woods to 0.16 fr. per ha.

As we see, the premiums are comparatively very low and agriculture can support them, even if they fall entirely on the landowners. The Florence Mutual Society gives compensation in case of death and total or partial permanent disablement to anyone who meets with an accident in his work, whether insurance is compulsory in his case or not.

Compensation for temporary disablement is only given to those for whom the law makes it compulsory; however, in case of serious consequences of accidents to labourers when insurance is not compulsory, involving expenses for medical attendance, or prolonged temporary disablement, the Mutual Society gives adequate subsidies, amounting, in its fifth working year, to 2,875 fr.

The compensation paid in case of death is 2,000 fr. for men and 1,500 fr. for women; in case of total permanent disablement it is 2,400 for men and 1,800 for women; for partial permanent disablement it is reduced according to the degree of working capacity of the victim.

Compensation is fixed as above in the case of victims of accidents.

in work for which insurance is not compulsory, while, in the case of such work as is contemplated in the law of January 31st., 1904., compensation is given at the rate of six times the annual wages in the case of total permanent disablement, and five times the wages in the case of death.

Between 1909 and 1913 the compensation paid to victims of accidents amounted to 229,672.59. fr. as under :

Working Year	Accidents	Compensation
1909 . . . . .	92	9,995.46
1910 . . . . .	220	25,363.73
1911 . . . . .	328	49,850.49
1912 . . . . .	410	62,740.10
1913 . . . . .	513	81,722.81
Total . . . . .	1,563	229,672.59

*Cassa Mutua Lombarda di Assicurazione contro gli infortuni sul lavoro nell'agricoltura. Sede a Milano* (Lombard Mutual Society for Insurance against Accidents in Agricultural Work, with head quarters at Milan). — The Lombard Mutual Society was formed on the initiative of the Association of Landlords and Farm Managers, with rules approved on May 21st., 1910, and began its work in November of the same year.

It extends its action over Lombardy, a region in which the kinds of cultivation vary greatly, and consequently it has fixed its premiums in relation to area and to the various kinds of cultivation and the risks of labour.

The insurance covers cases of death and total permanent disablement; partial disablement is not compensated when less than 10 % of the total working capacity is lost; compensation for temporary total disablement is given from the twenty first day.

Compensation is given as follows: in case of death, for men, 2,000 frs., for women, 1,000 frs. and for children 500 fr., in case of total permanent disablement, for men 2,500 frs., for women and children, 1,200 frs.; for temporary disablement, 1 fr. a day for men and 0.50 fr. a day for women and children, considering as children all those between 12 and 18 years of age.

*Assicurazione mutua agricola Piemontese contro gli infortuni dei contadini ed operai sul lavoro. Sede a Torino* (Piedmontese Agricultural Mutual Insurance Society against Accidents to Peasants and Labourers in their Work, with head quarters at Turin). — On the initiative of the Piedmontese Agricultural Co-operative Syndicate, there was instituted, by deed of June 20th., 1910, an Agricultural Consortium for Mutual Insurance against Accidents in Work, to act especially in the provinces of Turin, Alessandria and Cuneo. In its working it resembles the above Mutual Society, that is its premiums are in relation to the area. It has 193 members, and insures 3,003 ha. of farms.

*Mutua agraria infortuni per l'assicurazione degli operai agricoli contro gli infortuni sul lavoro. Sede a Bologna* (Agricultural Mutual Society for

Insurance of Agricultural Labourers against Accidents in their Work, with head quarters at Bologna). — On the initiative of the Interprovincial Agricultural Federation, this Mutual Agricultural Society was constituted by deed of April 21st., 1910, and recognised by Royal Decree of May 11th., 1911. It extends its operations especially in the provinces of Bologna, Rovigo, Mantua, Ferrara, Modena, Ravenna and Parma; it has now 205 members owning farms of a total area of 22,589 ha.

The principles on which it works are almost the same as those of the other Mutual Societies, that is, premiums in relation to area, and compensation only in case of death and permanent disablement for victims of accidents in work for which insurance is not compulsory by law.

*Cassa mutua romana di assicurazione contro gli infortuni sul lavoro nell'agricoltura. Sede a Roma* (Roman Mutual Society for Insurance against Accidents in Agricultural Work; with head quarters in Rome). — This Mutual Society, which is to have the province of Rome for its field of action, was founded by deed of July 1st., 1914.

It was to commence working in November, 1914 and from its Rules it appears that it will follow in the steps of the other Mutual Societies, except as regard compensation, which it fixes at 2,000 fr. in case of death, of men, and 1,200 in that of women; at 2,500 in case of total permanent disablement of men and 1,200 in that of women and children (between the ages of 12 and 18), but it will only give compensation for permanent partial disablement, when the total working capacity is reduced more than 20 %.

\* \* \*

Thus six mutual insurance societies have been formed on the initiative of agricultural organizations, but we must also note the insurance undertaken by private societies with systems of premiums in relation to area and collective policies.

*Assicuratrice italiana* (Italian Insurance Society). — This Society, which has its head quarters in Milan, in 1908, started insurance policies for all farm work whether or not subject by law to compulsory insurance, by means of collective premiums, in relation to the area and the kind of cultivation, with a standard premium of 2 fr. the hectare, to be reduced when the cultivation is not very intensive; compensation fixed in advance is also granted varying from 2,000 fr. to 3,000 fr. in case of death, according to the kind of work on which the victim was engaged, from 1,500 fr. to 4,000 fr. in case of permanent total disablement and from 1.50 fr. to 2.50 fr. a day in case of temporary total disablement.

This Society has the merit of being the first insurance society to introduce voluntary insurance for agricultural work, with premiums in relation to area and with no obligation to keep registers of pay and of employees.

*Società anonima italiana di assicurazioni contro gli infortuni* (Italian Accident Insurance Society, Limited by shares, with head quarters at Milan). — This society has extended its field to include accidents in agricultural work for which insurance is not compulsory, charging a premium

in relation to area and to the class of cultivation and granting compensation to the amount of 1,500 times the daily wages, up to a maximum of 2,500 frs. in case of death and 1,800 times the wages up to a maximum of 3,000 frs., in case of total permanent disablement and 1 fr. per day for temporary disablement.

*Unione interprovinciale agricola. Sede in Cremona* (Interprovincial Agricultural Union, with head quarters in Cremona). — In 1907, this Society began to insure against agricultural accidents, charging a premium of 1.50 fr. per hectare, afterwards reduced to 0.75 fr. and granting compensation of 1,500 fr. in case of death, 2,000 fr. in case of total permanent disablement; and, in case of temporary disablement, 1 fr. a day for the head of a family and 0.50 fr. for the other members, for six months.

*La Fondiaria*, with head quarters in Florence. — This Society, well known for its work in relation to life, hail and fire insurance, began in 1910 collective insurance against agricultural accidents, asking premiums varying from 0.90 fr. to 2.25 fr. per ha. according to the risks and the type of policy; the average premium per hectare was 1.25 fr. per ha. It extends its action over the whole of Italy and has already insured about 40,000 hectares of farm land on which there are about 14,000 labourers.

The compensation is fixed at 2,000 frs. in case of death of men and 1,000 frs. in case of that of women; in case of total permanent disablement 2,500 fr. for men and 1,200 fr. for women: for partial permanent disablement, in proportion to the reduced working capacity, provided it be not less than 20 %. Compensation for temporary disablement is also given by it, at the rate of 1 fr. per day.

By means of the premiums mentioned the society insures and compensates at the above rates, only labourers and metayers engaged in agricultural work, exclusive of those contemplated in the law of January 31st., 1904, (labourers engaged in threshing, felling trees, working, with machinery set in motion by inanimate force, bricklayers etc.), who must make special arrangements if they desire to insure with this society.

*Cassa nazionale di assicurazione per gli infortuni degli operai sul lavoro. Sede in Roma* (National Society for the Insurance of Labourers against Accidents in their Work, with head quarters in Rome). — This institution of official character, the principal business of which, rendered also compulsory for it by law, is the insurance of all applicants against accidents in industrial work, has been recently authorized by Royal Decree of May 14th., 1914, No. 547, to insure agricultural labourers against accidents in work not contemplated in the law of January 31st., 1904, No 51 (final text). It is now making trial of the rates and compensations we shall mention below.

After the example of the mutual insurance institutions already existing, the National Society also has adopted premium tariffs in relation to area and the premiums per hectare differ according to the kind of cultivation specified in special tables, varying from 0.75 frs. to 3 frs. the hectare for land cultivated with grain and from 1.50 fr. to 6 fr. for land cultivated with ligneous plants.

In the case of rotatory crops, without distinction of risks, from 0.80 fr. to 1.60 fr. per hectare, in that of forests from 1.25 fr. to 2.50 fr. and in that of copsewood from 0.75 fr. to 1.50 pr. per ha.

These various premiums correspond with three classes of compensation, maximum, minimum and medium, thus :

In case of Death :

	Compensation		
	Maximum	Medium	Minimum
	fr.	fr.	fr.
Men . . . . .	2,000	2,000	2,000
Women . . . . .	1,000	1,000	1,000
Children and Aged Persons . .	500	500	500

In case of Permanent Total Disablement :

Men . . . . .	2,500	2,500	2,500
Women . . . . .	1,200	1,200	1,200
Children and Aged Persons . .			

In case of Permanent Partial Disablement :

Men . . . . .	Exclusive of Disablement less than 5 %	Exclusive of Disablement less than 11 %	Exclusive of Disablement less than 21 %
Women . . . . .			
Children and Aged Persons . .			

In case of Temporary Disablement :

Men . . . . . 1 fr.	After 5 days	After 20 days	No Compens- ation
Women . . . . . 0.50 fr.			
Children and Aged Persons . .			

Sick Pay for 90 days.

Men . . . . . 1 fr.	0.50 fr.	none	none
Women . . . . .			
Children and Aged Persons . .			

Persons between 9 and 15 years of age are counted as children, between 15 and 70 years of age as adults and over 70 years of age as aged.

The above compensations are only due in cases of accidents occurring in the place where the agricultural work is being performed and resulting from the work itself, while all cases contemplated in the law of January 31st., 1914 in force are excluded, as well as all accidents in connection with wood cutting in forests, with work in connection with machines set in motion by inanimate forces, and thus machine threshing, bricklaying etc. on farms.

The characteristic of this society is that it gives freedom to select the maximum or minimum compensation for partial disablement, either temporary or permanent, without any limitation or limited to cases of diminution of more than 11% or 21% of the working capacity, in the case of permanent disablement, a liberty that will, however, greatly embarrass the owner of the farm, when he desires to arrange the insurance together with

the metayers. Since, if he desires to undertake the whole charge, it is very probable he will select the lowest premium as the least heavy burden for him, which will be still always higher than that in any of the private mutual societies existing, which grant much higher compensation, as they also insure all those who are engaged in work for which insurance is compulsory by law.

*Sindacato per l'assicurazione mutua degli operai contro gli infortuni sul lavoro fra gli imprenditori di tagli di Boschi. Sede in Roma* (Syndicate for Mutual Insurance of Labourers against Accidents in Work, formed among the Contractors for Wood Cutting, with head quarters in Rome). — The law of January 31st., 1904 includes among the kinds of work for which insurance is compulsory the felling of trees in forests, when the labourers employed on the work are more than five and the premium has been fixed at the high rate of 90 % of the wages of at least 1,000 frs.

The above Syndicate was constituted with head quarters in Rome, by deed of February 20th., 1905 and began working on March 15th., 1905. It has therefore been in existence nine years and from its Rules we see that it gives compensation in accordance with the principles established in the law, at 5 times the amount of the annual wages in case of death and 6 times the same in case of total permanent disablement and half the daily wages in the case of temporary disablement.

The members give security of 10 fr. for every labourer employed, and pay a monthly premium for every labourer, corresponding with from 25 % to 30 % of his wages, according as he is engaged in making sleepers, staves, etc., or in carpentering or charcoal burning. The report for the ninth working year 1912-1913, shows that the premiums for the year amounted to 130,682 frs., and the amount of claims paid, with that estimated for those under consideration was 74,919.30 fr. ; giving as a result, after deduction for all working expenses, claims paid etc., a balance of 43,304. 14 fr., a large part of which will be refunded to the members and part will be placed to the reserve fund.

#### § 4. ACCIDENTS IN AGRICULTURE, THEIR FREQUENCY, THEIR CAUSES AND EFFECTS.

The opponents of a law for compulsory insurance against accidents in agricultural work rely chiefly on the following two arguments, the desirability of leaving freedom for local interprise to constitute insurance consortiums under the form of private mutual societies, and the small need of insurance, as accidents in agriculture are less frequent than in industry, where greater use is made of machinery. The tendency in favour of compulsory insurance has already been manifested officially in the two proposals of 1910 and 1913 ; the first, left the choice of the insuring institute free and favoured the constitution of private mutual societies, but the second made insurance, the formation of consortiums for definite regions and reinsurance in the National Society, compulsory ; whatever bill is pre-

sented will provide for the compulsory insurance of agricultural labourers. In regard to the denial of the advisability of this, on the ground that in agriculture accidents are less frequent and less serious than in other industries, statistics alone will enable us to judge.

But we have few statistics of accidents in agriculture in Italy, because the insurance institutes we have mentioned have been working for too short a time, and only two of them provide us with any figures: the Vercelli Mutual Society and, with ampler details, the Florence Mutual Society.

The reports of the the Vercelli Society show that from 1904 to 1913, that is in 10 years, 1,476 accidents were reported, and compensation given in the case of 677 or 455 %:

Mortal . . . . .	25	that is 16.9	} per thousand accidents reported
Causing Permanent Disablement	166	" 112.4	
" Temporary                      "	486	" 236.2	

The *Florence Mutual Society* in 5 years' work has received reports of 3,038 accidents, and compensation was given in the case of 1,563 or 514 %.

Mortal . . . . .	40	or 13	} per thousand accidents reported
Causing Permanent Disablement	255	" 83.90	
Causing Temporary Disablement	1,268	" 417.30	

and, as we see, the difference is appreciable when compared with the accidents reported by the Vercelli Society. It is more difficult to establish the proportion of the number of accidents to that of the persons insured, as there can be no accurate statistical returns of the persons actually engaged in the agricultural work and it must be borne in mind that some, as, for example, the members of the metayers' families, remain on the farm all the year, while the temporary hands work there only from time to time.

From the report of the Florence Mutual Society for its fifth working year, we obtain the following figures:

Accidents ending fatally . . . . .	0.248	per 1,000 persons insured
" causing permanent disablement.	1.098	" " " "
" " temporary                      "	6.489	" " " "

The distribution of the accidents according to season presents a certain interest, and the Florence Mutual Society gives us the following information for the five years 1909-1913 in regard to 3,038 accidents:

*Accidents Reported.*

January . . . . .	305	July. . . . .	334
February . . . . .	263	August. . . . .	264
March. . . . .	213	September . . . . .	241
April . . . . .	232	October . . . . .	260
May . . . . .	213	November . . . . .	213
June . . . . .	231	December . . . . .	269

So that, there was a maximum of 837 in December, January and February, during the period of wood-cutting; 829 in June, July and August, at the time of harvest, transport and threshing, while in the other two quarters of the year there were from 658 to 714 accidents reported.

These 3,038 accidents reported in 1909-1913 may be classified as follows, according to their causes and the work in which the victims were engaged:

Cutting Wood. . . . .	652
Falls from Carts. . . . .	299
Bricklaying . . . . .	292
Falls from Trees . . . . .	250
Harvesting . . . . .	227
Falls Generally . . . . .	201
Herding Animals . . . . .	193
Ploughing . . . . .	177
Various Agricultural Labour . . . . .	149
Work in Yards . . . . .	129
Threshing . . . . .	126
Digging Trenches . . . . .	123
Various Causes . . . . .	80
Quarrying . . . . .	49
Carpentering . . . . .	40
In Presses or Mills . . . . .	30
Supervision . . . . .	21

Total . . . 3,038

Nineteen per cent of all the accidents happened to those engaged in cutting trees, especially in copsewoods; falls from trees when harvesting or pruning, falls from carts and falls generally occasioned 22 %.

Very few accidents were caused by machinery set in motion by inanimate force, because even those shown as happening during threshing occurred mostly in subsidiary labour and not properly speaking while working machine threshers.

This classification of the causes of accidents, the first published in Italy, shows how far from the truth is the statement that accidents in agriculture properly speaking are not frequent and serious.

The 40 fatal accidents in the years 1909-1913 were due to the following causes and circumstances:

Falls from Carts . . . . .	9	Loading Railway Trucks . . . . .	2
Falls from Trees . . . . .	6	Falls Generally . . . . .	2
Falls from Haystacks. . . . .	3	Machine Threshing . . . . .	1
Ploughing . . . . .	3	Digging Sand . . . . .	1
Herding Animals. . . . .	5	Drowned in a Vat . . . . .	1
Bricklaying . . . . .	3	Household Service . . . . .	1



and, as we see, all in work for which insurance is not compulsory under the existing law, with the exception of those occurring in bricklaying and machine threshing.

With regard to the kind of injury, the Florence Mutual Society has given the information we summarise below :

Bruises . . . . .	731	Punctures . . . . .	218
Cuts . . . . .	689	Crushings . . . . .	194
Bruises with Laceration	399	Injuries to the Eyes .	140
Bruises With Fracture	301	Ruptures . . . . .	23
Dislocations . . . . .	291	Burns . . . . .	12

They may be classified as follows with regard to the part of the body affected :

Skull, Face, Neck . .	194	Spine, Pelvis. . . . .	138
Right Eye . . . . .	91	Right Thigh. . . . .	46
Left " . . . . .	88	Left " . . . . .	31
Shoulders. . . . .	103	Right Knee . . . . .	82
Right Arm and Forearm	89	Left " . . . . .	57
Left " " " . . . . .	104	Right Leg . . . . .	117
Right Hand. . . . .	536	Left " . . . . .	78
Left " . . . . .	611	Right Foot . . . . .	109
Thorax, Ribs . . . . .	210	Left " . . . . .	191

The number of the injuries to hands is remarkable, 1,147 in all : 431 due to cuts, which is easily understood, when we consider the work of pruning, reaping and felling trees.

#### § 5. LIMITS AND CHARGE OF INSURANCE AGAINST ACCIDENTS IN AGRICULTURAL WORK.

That a special law is necessary for the insurance of labourers against accidents in agricultural work is now generally recognized, as the existing law of January 31st, 1904, relating to industry generally and labour contracts, even if it were amended, would not be suitable ; but all are not agreed whether the insurance should be compulsory or not, nor in respect to the insurance institutes for the purpose, and the limits of compensation to be granted.

The Central Office of the Senate pronounced against compulsory insurance when reporting on the 1910 bill (Luzzatti-Raineri) but for somewhat too pessimistic reasons. To-day, public opinion has pronounced itself in favour of the protection of agricultural labour and the work of the various institutions now insuring which owe their origin to private initiative, especially the mutual societies, has predisposed the public in favour

of it and has shown how, with small expense, it is possible to succeed in protecting the agricultural working classes against the many serious consequences of accidents in their work.

According as the choice of the insuring institute is left free or it is decided to provide for the compulsory foundation of Insurance Consortiums as proposed in the draft bill of 1913, which may soon be presented in Parliament, the insurance societies working freely in the whole of Italy and the Mutual Societies acting in certain regions, will derive new encouragement or will have to cease working.

The differences are more serious in regard to the compensation and its limits; all the bills examined, as well as the existing mutual societies and the insurance societies, have established fixed amounts of compensation in case of death or of total permanent disablement, without respect to the actual wages of the labourer at the date of the accident, because the wages vary too much at different seasons and often it is too difficult to estimate them, when the victim is a metayer sharing the produce with the landholders; while for the compulsory insurance of industrial labourers the compensation is fixed at 1,500 or 1,800 times the daily wage, for accidents causing death or total permanent disablement respectively.

It would be juster to fix the compensation at a definite rate per day for the victim's natural life, as it is not reasonable that the same amount of compensation should be given to a labourer totally disabled by an accident at 25 years of age and one so disabled at 70 years or over.

It is therefore necessary that the law on accidents be brought into harmony with that on thrift and pensions. It must also be settled what degree of disablement shall give claim to compensation. The 1910 bill excluded accidents entailing a loss of capacity of less than 20 %, that of 1913 those causing a loss of less than 16 %; the Mutual Society constituted at Rome excludes those causing a loss of less than 20 %, that of Milan those entailing a loss of less than 10 %. Now it is certain that in agricultural work some bodily injuries do not at all reduce the working capacity; for example, the loss of a finger, of some toes of the left foot, deafness in one ear, impaired vision in one eye; and, hence, it may be well to exclude from compensation accidents in agricultural work entailing the above consequences; but such exclusion must not be carried too far and it would be enough to limit it to 10 % of the total disablement.

There are greater differences of opinion in regard to compensations for temporary disablement: the law of January 31st, 1904 grants it in all the cases to which the law applies, both in the case of industrial accidents generally and in that of accidents occurring in contract work.

All the bills considered, and the Mutual Societies, refuse compensation for accidents causing temporary disablement occurring in agricultural work, but this was asked for by the labourers' associations at the meeting held at Bologna and the Congress held at Genoa also asked for it.

It is certain that some agricultural day labourers are in the same position as the industrial labourers and must lose wages through accidents, and also have greater expenses for medical attendance and medicines and

diet ; so that, it is fair they should receive compensation at so much a day while temporarily disabled ; the greatest care, however, should be taken to ascertain the real duration of the disablement, which is not a very easy matter, and to prevent fraud and abuse. There is not the same reason for compensating all cases of temporary disablement through accidents to labourers who are metayers, that is members of metayers' families resident on the farm where they work.

They do not suffer a real injury by the suspension of their pay, for the work they are temporarily incapacitated from performing can be done by other members of the family : often, after a period of total disablement, they can undertake lighter work on the farm, such as herding animals, etc.

But there are cases in which the accident causes prolonged total disablement, and necessitates medical and orthopaedic treatment and in some cases it is advisable to help the metayer's family by means of compensation or subsidies and this system has been adopted by the Florence Mutual Society.

Better still would it be if the law on accidents were completed by the institution of local mutual aid institutions, to make provision against disablement occasioned by these accidents, because, such institutions working in a more limited district, will be better able to appreciate the true situation of those who have recourse to them and so prevent fraud and abuse.

The limitation of the compensation to cases involving a certain degree of partial permanent disablement and the exclusion of compensation for temporary disablement have also been advocated in order not to impose too heavy a charge upon agriculture for this act of thrift, the justice of which is recognised, and rather to make the burden as light as possible.

Various calculations all result in a total estimate of more than 12,000,000 frs. for the annual premiums, and, if temporary disablement is also to be insured against, the premiums would amount to 17,000,000 frs. a year.

Let insurance for the present be limited to such accidents as have more serious consequences and experience will show later what amendments should be made to reconcile the noble aims of thrift with the special conditions and requirements of agricultural economy.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE AND THRIFT.

### GERMANY.

JAHRBUCH DES REICHSVERSICHERUNGSRECHTS Jahrgang 1913. Rechtsprechung und Rechtslehre des Jahres 1913 (*Yearbook of Imperial Insurance Law. Year 1913. Jurisprudence and Legal Doctrine in 1913*), Edited by Dr. Hs. Th. SOERGEL, Bavarian Aulic Councillor, with the collaboration of Dr. MENTZEL, Government Councillor in the Imperial Insurance Office and Dr. STÖCKER, Administrative Director. Berlin, 1914. 16mo. pp. VII + 175.

The legal decisions in questions of the insurance of labourers were included in the wellknown Yearbook of Jurisprudence in relation to Administrative Law (*Jahrbruch der Rechtsprechung zum Verwaltungsrechte*). As a result of the approval of the Imperial Insurance Code (July 19th., 1911) (*Reichsversicherungsordnung*), the law on the Insurance of Employees (*Angestelltenversicherungsgesetz*), the foundation of the superior insurance offices (*Oberversicherungsämter*) and above all of the Insurance Offices (*Versicherungsämter*) as independent bodies, however, it was decided to publish the part of the Yearbook relating to insurance separately from date of 1912. The volume before us is the second number of the new Yearbook of Imperial Insurance Law and relates to 1913. However, the alphabetical index covers the two years, so that the student may quickly see whether a judgment has been given in relation to any particular question during these two years. The volume for 1913 gives first of all the points of legal doctrine and jurisprudence relating to the Imperial Insurance Code. Then the law bringing into force the Imperial Insurance Code (*Einführungsgesetz zur Reichsversicherungsordnung*) is illustrated from the point of view of legal literature and the decisions of the courts. After a few remarks in illustration of the Order of December 24th., 1911 relating to the course of business and the procedure of the Imperial Insurance Office (*Verordnung über Geschäftsgang und Verfahren des Reichsversicherungsamts*), other orders relating to the course of business and the procedure of the Superior Insurance Offices (*Verordnung über Geschäftsgang und Verfahren der Oberversicherungsämter*), to the course of business and procedure of the insurance offices (*Verordnung über Geschäftsgang und Verfahren der Versicherungsämter*), to the emoluments of the advocates in proceedings conducted before the insurance authorities (*V.O. betr. die Gebühren der Rechtsanwälte im Verfahren vor den Versicherungsbehörden*) and the law for the repeal of the law on mutual aid societies, of date of December 20th., 1911

(*Gesetz betr. die Aufhebung des Hilfskassengesetzes*), the Yearbook goes on to give a long commentary on legal doctrine and forensic practice in connection with the law of December 20th., 1911 on the insurance of employees (*Versicherungsgesetz für Angestellte*).

#### UNITED STATES.

THE INSURANCE LIBRARY ASSOCIATION OF BOSTON BULLETIN. Vol. IV, Nos. 1 and 2, January and April, 1914. Boston, 1914. Two pamphlets. 16 pp. and 35 pp.

The Insurance Library Association was founded in 1887 mainly through the efforts of Mr. Henry E. Hess, at that time President of the New England Insurance Exchange. Its objects, as set forth in the articles of association, were educational. It was "to acquire and hold books, maps, plans, surveys and papers relating to insurance and general literature and science, and to establish, fit, furnish and maintain a suitable place for a reading room, library, and for social meetings."

The Association, in fact, devoted itself from the first to the formation of an insurance library, and at the present time owns between six and seven thousand volumes, as well as a large and unique collection of pamphlets, rare documents, maps, and engravings, relating for the most part to fire insurance or to fire prevention.

The *Bulletin* is a quarterly publication which records the work of the Association and contains a cumulative index of books and current articles on fire insurance and related subjects. The number for April, 1914, (Vol. IV, No. 2, indicated above) contains a short historical sketch of the Association and an account of its present activities.

#### ITALY.

LE OPERAZIONI DEGLI ISTITUTI DI ASSICURAZIONI IN ITALIA NEL 1912. Annali del Credito e della Previdenza (*Operations of the Insurance Institutes in Italy in 1912. Annals of Credit and Thrift*). Series II. Vol. 8. Department of Agriculture, Industry and Commerce. General Credit and Thrift Office. Rome, Tip. L. Cecchini, 1914. pp. 213.

This is a very useful statistical study on the work of the Italian Insurance Institutes in 1912, which has been published in the Annals of the General Credit and Thrift Office. The information, derived from the balance sheets of the various Institutes and from information directly supplied.

by them, is grouped according to the branch of insurance and the nationality of the societies. From it we may see how considerable has been the increase of the number of insurance societies in Italy, which may be considered as not merely indicative of a more complex and perfect economic life, but also of increased national wealth.

The volume concludes with statistics of the insurance societies of the principal foreign countries. The figures have not all been arrived at by the same system and, consequently, a comparison is not always possible; however, they provide material that may be studied with advantage.

## Part III: Credit

### UNITED STATES.

#### THE MOVEMENT FOR AGRICULTURAL CREDIT IN THE UNITED STATES.

##### SOURCES:

- AGRICULTURAL CO-OPERATION AND CREDIT IN EUROPE. INFORMATION AND EVIDENCE SECURED BY THE AMERICAN COMMISSION. Senate Document No. 214. Part 1, European Evidence; Part 2, Bibliography; Part 3, American Evidence. Washington, 1914.
- REPORT OF THE AMERICAN COMMISSION FOR INVESTIGATING IN EUROPEAN COUNTRIES CO-OPERATIVE AGRICULTURAL FINANCE, PRODUCTION, DISTRIBUTION, AND RURAL LIFE. Senate Document No. 261. Part 1, Observations; Part 2, Minority Report: Observations and Recommendations. Washington, 1914.
- RURAL CREDITS. JOINT HEARINGS BEFORE THE SUB-COMMITTEES OF THE COMMITTEES ON BANKING AND CURRENCY OF THE SENATE AND OF THE HOUSE OF REPRESENTATIVES CHARGED WITH THE INVESTIGATION OF RURAL CREDITS. Washington, 1914.
- RURAL CREDITS. HEARINGS BEFORE THE SUB-COMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY OF THE HOUSE OF REPRESENTATIVES CHARGED WITH PLANS FOR THE DEVELOPMENT OF RURAL CREDITS IN THE UNITED STATES. Parts 1 to 8. Washington, 1913-14.
- BILL S. 2909, "NATIONAL RURAL BANK ACT." Washington, 1913.
- BILL S. 4246 "NATIONAL FARM LAND BANK ACT." Washington 1914.
- BILL 4061, FOR THE ESTABLISHMENT OF A BUREAU OF FARM LOANS. Washington, 1914.
- BILL S. 5542, "FEDERAL FARM LOAN ACT." Washington, 1914.
- THE RURAL CREDIT MEASURE. Letter to Sen. Duncan U. Fletcher, by David Lubin, International Institute of Agriculture. Rome, 1914.

In the May issue of this Bulletin (Vol. 41, Year 5, No 5) an account was given of the work of the Commissions appointed in the United States to investigate agricultural credit and co-operation in Europe, as set forth in Part I of the American Commission's Report (S. D. 214, Evidence), and

in the Report of the United States Commission, together with a summary of the National Farm Land Bank Bill (S. 4246).

Since that article was published the American Commission has issued Part 2 of its Report, *Bibliography*, and Part 3, *American Evidence*. This latter section consists of statements by Committees appointed at the request of the American Commission by the Governors of several States to report on their agricultural conditions in reference to credit and co-operation. Replies were received from Alaska, Arizona, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Kentucky, Maine, Minnesota, Mississippi, Montana, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, and Wisconsin. Several other states promised reports which did not come to hand in time for publication.

#### § I. THE CREDIT NEEDS OF THE AMERICAN FARMER.

These reports, supplemented by information supplied by Dr. Carver and Mr. C. W. Thompson of the United States Department of Agriculture and other witnesses at Hearings before the Sub-committee of the Committee on Banking and Currency of the House of Representatives, charged with plans for the development of Rural Credits in the United States, give a comprehensive view of the requirements of the American farmer. All lay stress on the need for an organised system of rural credit, more especially for long-time land mortgage credit, whereby the land owned by the farmer could be converted into a sound liquid security on which he could raise loans, of at least 20 years duration, at rates not to exceed  $5\frac{1}{2}$  per cent. with the amortisation feature, hitherto practically unknown in America. They show that in large sections, more especially in the Southern and Western States, it is very difficult for the farmer to get long-term mortgage loans at all, that the direct interest on first mortgage loans (average for 30 states) amounts to  $7\frac{1}{16}$  per cent. and the prevailing duration of the loan is for 5 years. This interest rate varies from 5.3 in Pennsylvania to 10 per cent. and more in Arizona and North Carolina. To this must be added heavy charges for commission and expenses incidental to the mortgage which often more than double the interest rate. The sources of farm mortgage loans are stated to be private banks, private individuals, insurance companies (through local brokers or local banks who act as brokers), estate or mortgage firms; also State banks. Besides these sources, farm mortgage loans are also made by certain States out of the school funds. In this way Oklahoma loans \$ 4,000,000 at 5 per cent. for amounts up to half the value of the land mortgaged. Oregon loans \$ 5,000,000 at 5 per cent. and one third is the fraction of value it is allowed to loan. South Dakota loans \$ 6,000,000, one-third is the fraction of the value of the land and 5 per cent. the interest. Utah loans \$ 1,000,000 and runs the highest on security, two thirds; the interest rate is 6 per cent. North Dakota makes such



loans at 5 and Indiana at 6 per cent. Idaho loans \$ 1,500,000 at 7 per cent., security one third of the value of the land. School funds are also loaned to farmers in Minnesota and Texas. The losses sustained on such loans are said to be insignificant but the money available for this purpose is limited and inadequate to the needs.

The evidence adduced indicates that the above mentioned sources of mortgage credit are insufficient to meet the needs of the farmers. The high initial rate of interest, when increased by commission fees, expenses incurred in proving the title, etc., and renewal fees is excessive, and the life of the loan too short. There is a wide-spread demand for the organisation of land-mortgage banks or co-operative farm mortgage associations, with power to issue bonds against the mortgages held, and subject to government inspection and control. In response to an enquiry made of farmers all over the country by the United States Department of Agriculture the average rate suggested for interest and amortisation on such loans was 5 ½ per cent.

This need once ascertained and recognised, and the evidence on European mortgage-credit systems collected, compiled, and made available to the public in Senate Document 214, the American Commission proceeded to draw up its Observations and Recommendations (S. D. No 261) consisting of Part 1, the Majority Report, and Part 2, the Minority Report.

## § 2. THE AMERICAN COMMISSION'S REPORT.

After a brief review of "General Agricultural Conditions in Europe," the Majority Report examines the result of its European enquiry in relation to American conditions. It states that the farmer needs more capital than he now commands owing to the increase in land values and cost of equipment, and the growing need of developing intensive farming. In modern business credit must supplement cash, but farm credit, to be advantageous, must be "productive and provident." "Farmers may want to speculate and consequently to borrow money on land with the expectation that the land will rapidly rise in value. This is an abuse of credit in agriculture and should be discouraged in every possible way." At the same time "to refrain from borrowing may be as uneconomical as to borrow for the wrong thing." Inflated land values are an obstacle to agricultural credit and "any adequate system of farm credit must make it difficult to borrow on farm land except at its true value and chiefly for productive uses."

How is this borrowing to be done? The report says: "If we can use tried financial institutions, or modifications of them, at the outset it is far better than to experiment with a new kind of institution... It would be unwise for our own farmers to throw aside the practical assistance and counsel of the bankers, at least until the farmers find that they are being exploited and that they can run their own banking business better than they

can utilise the bankers' bank." But rural credit is not the same as urban credit, and the banker has not the means of knowing the individual farmer as he knows the individual business man who has a recognised rating. Singly the farmers are "small men;" only if well organised can they become a formidable and powerful body. Moreover the farmer has seasonal needs and is unable to make frequent payments. "This seems to be a good argument for a local or community bank that serves the farmer, that understands him better than anybody else, and that makes a link between his need for credit and the people who have money to lend. This may be simply the existing bank adapting itself to the farmers' need; or it may be a separate institution managed by the farmers themselves."

After stating that nearly all European governments give financial assistance to agriculture in some form, the Report goes on to say, "Nevertheless, it is the opinion of the Commission that our American problem of rural credit should be worked out without Government aid... Under a wise system of credit the land itself is the very best security for borrowed money, and the safest system is one that stands on its own feet.... The Government should help bring about a better system of rural credit by legislation, but not by subsidy... The very best system of credit is built up only among landowners who manage their own farms. The rapid increase of transient tenantry in the United States is becoming an alarming condition. It makes for poor farm practice, poor farm business, and a poor farm community."

The essentials of long term rural credit are then briefly laid down. The loans must be for a long period of years and the amortisation feature is an absolute essential. Moreover, "European farmers have found that if they pool their securities they can get much better terms from capital as regards the rate of interest, the length of loan, and the terms of payment. But in order to make collective security workable there must be some piece of paper which represents this collective security. This paper in Europe is the land mortgage bond.. bought and sold in the market just like Government bonds or railroad bonds." "In order that these bonds may have not merely a local sale but a standing in the general market it is very desirable at least that all the States should enact uniform and proper laws concerning the registering or guarantee of titles at minimum cost; a simple and uniform method of foreclosure; if possible, uniformity in exemptions from debt."

"It has been estimated by competent authorities that about \$ 2,000,000,000 are now invested in farm mortgages in the United States, and the amount is constantly increasing. The first task before a new system of land-mortgage banks is to get this investment relet under better terms to the borrower, and perhaps even fuller security to the lender." And the Report under the heading of long-term credit concludes as follows: "A system of land-mortgage banks would seem to be the best way for the farmers of America to gain greater facilities for long-term credit. Whether these should be State institutions or should be chartered under a national law may be open to question. The Commission is inclined to coincide with the views of the United States Commission favouring a na-

tional law and charter and supervision, with operation of the land mortgage banks in any State restricted to that State."

The conclusions of the Report on the whole field of enquiry are summarised as follows :

(1) The experience of 30 years by a dozen European countries has demonstrated beyond all question the decided advantages to the farmers, and to consumers as well, of the co-operative or collective method of doing the business incident to agriculture — whether in obtaining credit, in buying, in selling, or in manufacture of food products such as butter and cheese — over the older but much less effective method of purely individual business activity.

(2) For nearly the same period, in America, farmers have experimented with the co-operative method. There have been many failures. But to-day the conspicuous success of co-operation in the selling of fruit and vegetables, in butter making, in establishing grain elevators, and in organising supply stores, indicates that collective farm business is feasible in America as well as in Europe.

(3) The great and rapid increase in the cost of living, the continued failure of farmers to receive what they consider their just share of the final price of their products, the growing belief in the defects of the individualistic method of farm marketing and exchange, and in the need of substituting therefore the co-operative or collective method — these and other causes have contributed to a renewed interest among American farmers in the subject of agricultural co-operation, and a realisation that, while Europe can teach us many valued lessons in the agricultural field, the American farmers, as co-operators, must work out their own economic salvation, not with fear and trembling, but with courage, faith, care and diligence.

(4) One of the most pressing economic needs of American agriculture is the opportunity to secure, on better terms than at present prevail, the necessary credit demanded by modern conditions of farming. In order that there may be a uniform and nation-wide system of long-term credit, it would seem wise to secure the enactment of a federal law permitting the organisation of farm-land banks, either on the joint-stock or the co-operative plan, authorised to issue long-time bonds secured by farm mortgages, required to do business on a narrow margin of profit, to allow payment of principal on the amortisation plan, and carefully and fully supervised by the Federal government. There is no objection whatever to the enactment of proper legislation by the different States for this same purpose.

(5) In case the existing system of banks — national, state, savings, and private — is not able or not disposed to grant farmers increased and more liberal facilities for procuring short-time loans, there should be enacted State laws permitting the organisation of co-operative credit associations by means of which the farmers of a given community may be enabled to meet their own needs for short-term or personal credit.

(6) Every encouragement should be given the movement for organising other forms of co-operative endeavour among farmers. This movement should proceed cautiously but rapidly. The main reliance of the American farmers in meeting economic disadvantages and handicaps must be their own intelligence and their capacity for united action.

(7) In order to forward the co-operative movement, it is wise to form a voluntary National Committee on Agricultural Co-operation, to serve as a propagandist and educating body — a clearing house, in fact, for the nation as a whole — with respect to all phases of agricultural co-operation. Eventually the various co-operative organisations will form their own national federation or union.

(8) All farmers and friends of farmers must not fail to look at all sides of the rural problem and to look at it as a whole. Improvement in farm practice, improvement in farm business, and improvement in farm life are all important. In some respects the last is the most important.

(9) In any event the underlying need in American agriculture is to organise in every farming neighbourhood in the land a well-considered and co-operative effort for making that community in all respects — in its farming and in the life and character of the people, — the best possible neighbourhood. This is rural community building.

(10) In order to give a national scope and direction to the campaign for rural community-building, there should be organised a National Committee on Rural Federation, whose task would be to hold national conferences on rural progress, to seek to unify or correlate the many important and useful agencies already at work for rural advancement, and to give direction to the ultimate welding together, in one great forward-looking movement, of all the forces designed to insure on American soil better farm practice, better farm business, and better farm life.

### § 3. THE MINORITY REPORT.

The Minority Report signed by 6 out of 68 qualified members, argues in the first place that farmers' co-operative banks or credit unions are not required for short time personal credit. These needs, it claims, are adequately attended to by the existing country banks of which it is stated there are in the United States one for every 4,000 persons. The report also urges that these existing country banks should be made the nucleus for a system of long term mortgage credit described as follows:

It is proposed that the farmers co-operate with the stockholders of banks in rural communities in the organisation, in their respective localities, of small-unit, land-mortgage associations with a minimum capital of \$ 10,000; each association to be organised upon the share-capital plan, co-operative or non co-operative as might be desired. The association is to become affiliated with and have close inter-relationship with the rural bank, which may be owned by some of the same shareholders, in that it

may have its office with the affiliated bank and be officered, managed, and directed by some of the same men.

It is clear that no small local unit could have sufficient financial strength to place its securities in the market. It is therefore proposed to federate a considerable number of such locals in a given State by organising a central body in some commercial centre of that State.

It is proposed that each local shall invest a percentage of its own capital in the capital of the Central, keeping the balance of its own capital for the purpose of making loans, to be sent to the Central with the indorsement of the local when funds are needed for the purpose of meeting new applications.

The locals should not be permitted to issue bonds running for a long time. There should be a limit as to the maximum amount of any one loan to be made by any local, say not exceeding 26 per cent. of its own capital and surplus. All loans should have the amortisation feature, giving the option of time limit not exceeding 30 years.

Such land mortgage associations should be prohibited from receiving deposits, except savings, and the total amount of such savings deposits that may be held at any one time should not exceed 50 per cent. of the capital and surplus of each association.

The Central alone should have the power to issue bonds or debentures, to be secured by the collective mortgage loans, made on the amortisation principle, on productive farm property, received through and having the indorsements of the different locals. When the Central receives loans aggregating a given amount, say one half of its own capital stock, it would be empowered to issue a series of bonds or debentures against such mortgage loans.

The report claims that by this plan would be built up an aggregate of diversified, well-secured, and indorsed mortgage securities, not dependent upon conditions of any single locality, against which the bonds would be issued and which should find a ready market and command the cheapest possible rate of interest, for this bond would have behind it: (1) the signer of the original loan; (2) the combined judgment of the local banker and his farmer associates as to the desirability of the signer as a borrower and as to the value of his security; (3) the land itself upon which not exceeding 50 per cent. of its value would be loaned; (4) the indorsement of the local and the moral obligation of the bank with which such local is affiliated; (5) the double liability of the holders of the capital of the locals protecting all loans indorsed to the Central by the locals; (6) the judgment of the officials and executive committee of the Central and its rechecking of the securities; (7) the capital of the Central.

The Minority Report concludes by expressing the opinion that a new division of State banking would be found unnecessary, and says: "Should national legislation be deemed advisable at this time, it would probably be necessary to create a new division of banking, putting the Secretary of Agriculture on the Federal Board of Control... While some preference is expressed for State charters, the subscribers hereto would not oppose an

effort to create a national law granting charters under Federal Government, somewhat along the lines of tentative suggestions herein contained."

#### § 4. THREE MAIN TENDENCIES.

While the Commissions were busy preparing their reports, Congress was also at work. An effort was made to tack on farm credit legislation to the recently enacted Currency (Federal Reserve) Bill, but this was abandoned in favour of special and separate legislation to meet the credit needs of the farmers. Sub-committees of the Committees on Banking and Currency, under the Chairmanship of Senator Hollis and Representative Bulkely, were appointed, charged with the investigation of rural credits. These Committees have examined the many rural credit bills introduced into the House, and have held a series of "Hearings," extending over several months, during which some fifty witnesses have appeared to give evidence. In this way experts and students of rural credit, farmers, bankers, and prominent business men representative of all shades of opinion, have had an opportunity of expressing their views on this subject.

In the first place it has been clearly recognised that the needs for long-term mortgage credit and short-time personal credit cannot be provided for under the same measure, as had at first been attempted in Bill S. 2909; and the evidence collected shows that much the more pressing need of the American farmer is for long-term, land-mortgage credit which would allow of the purchase and improvement of farms. It is to satisfy this need that the measures we shall examine have been framed.

A review of the evidence secured by the sub-committees reveals three main tendencies governing the attempts to frame rural credit legislation:

(1) the tendency in favour of joint-stock, land-mortgage banks, run for profit, but placed under government inspection and control ;

(2) the tendency in favour of the government's making direct loans to farmers ;

(3) the tendency in favour of co-operative land-mortgage associations, subject to Government regulation and safeguard but without government guarantee or subsidy.

The bills framed in accordance with the first of these tendencies would provide for land-mortgage banks, issuing bonds against long-term mortgage loans, made at a competitive rate of interest, and with the amortisation feature. The bonds would be secured by the banks which would be federated in State groups (some favour centralising these State Banks in a National Bank, but this feature has not been insisted upon) and the banks would hold as security the mortgages. This current does not favour government guarantee of the bonds, but only government inspection and safeguard, and would make the granting of charters to these banks subject to federal law. Several bills along these lines have been drafted, but the most representative of this group is the Fletcher-Moss "National Land

Bank Bill," drafted by the United States Commission and already reviewed in this Bulletin.

The United States Commission Bill has, however, met with strenuous opposition on the part of organised farmers, represented by such bodies as the National Grange, the Farmers' Educational and Co-operative Union of America, and so forth, who stand for the second tendency.

The National Grange, at its last general meeting at Manchester, New Hampshire, in November 1913, passed the following resolution:

Resolved, that it is the opinion of the National Grange that any legislation for the purpose of bettering farm credits is a part of the national policy of conservation of food supply, and as such the Government of the Nation should itself carry out this policy, and it cannot properly be delegated to private capital for general exploitation and profit.

Resolved, that any farm credit association which receives any privileges by or under State or Federal law should be composed of farmers and not of capitalists of high finance who have heretofore dominated agricultural credit and created conditions which now demand relief.

Resolved, that any farm credit plan which does not include a direct reduction of the prevailing rates of interest, as well as a long term of small annual payment upon farm-mortgages, will not meet agricultural requirements.

Resolved, that the Government of the United States should borrow money at a rate of interest not to exceed  $3\frac{1}{2}$  per cent. and lend the money at a rate not to exceed  $4\frac{1}{2}$  per cent. to the farmers upon long time farm-land-mortgages with such restrictions as may be necessary to make the Government perfectly secure, and the profit to the Government to be expended in road improvement or for some other object that will benefit the whole people.

## § 5. BILLS INTRODUCED.

To give satisfaction to the wishes above set forth several bills have been framed. Some have been set aside and qualified as "wild cat finance" such as Bill H. R. 8835 calling for "the issuance of legal-tender Treasury-notes of the United States, redeemable in gold coin or its equivalent, to be secured by the deposit in the Treasury of outstanding bonds of the United States or first mortgages upon agricultural lands, not exceeding sixty per centum of the value of such lands, exclusive of improvements, and for the loaning of the Treasury notes so secured to the owners of the security at two per centum interest, payable semi-annually, and for other purposes." Similar in intent and purpose is Bill H. R. 11755, which would provide for direct loans by the Government to persons who desire to engage in agriculture, to be made by issuing Treasury certificates, recognised as legal tender, against the security of mortgage loans.

These proposals for setting the printing-press to work to provide "cheap money" have been discarded, and the Bill complying with the wish expressed for direct government loans to farmers which has received serious consideration is that known as the Norris-Bathrick Bill (S. 4061). This bill had the support of the National Grange and the Farmers' Union.

The Norris-Bathrick Bill provides for the establishment in the Department of Agriculture at Washington of a Bureau of Farm Loans to loan money on farm lands, secured by mortgages. The debt would bear interest at the rate of 4 per cent. per annum and no loan would be made on less than 10 acres of land nor for more than \$ 2,000. The entire mortgage would mature in 10 years, one-fifth being repayable after the first five years, and the remainder in yearly instalments. Only persons actually engaged in farming could make such loans, which could not exceed one half of the value of the land mortgaged. Loans could be obtained for the three following purposes: first, to make payment of part of the purchase money of the land mortgaged; second, to pay off an indebtedness existing against the land; third, to build improvements on the land; and there is a proviso that under proper rules and regulations the bureau can permit 50 per cent. of the loan to be used for the purchase of stock and farming implements. To safeguard the loan it is proposed that local post-masters, post-office inspectors, deputy United States marshals, and other local government officials should be required, on request, to draw up confidential reports to the Farm Loan Bureau on applicants for loans and on appraisements made by certified appraisers. Should the borrower fail to pay his taxes, to improve his land, or to use the money for the purposes set forth in his application, the government Farm Loan Bureau could foreclose the mortgage. To secure funds wherewith to make these loans the Farm Loan Bureau would issue United States bonds payable in ten years, and drawing  $3\frac{1}{2}$  per cent. interest. The framers of this measure express the opinion that if it were enacted the money coming into this bureau would mostly be subscribed by the small investors in the communities in which the loans would be made.

The cry for direct subsidies to the farmers by means of such loans as those provided for in the above bill is, however, strenuously opposed by President Wilson, by the Secretary of Agriculture, and by a large and powerful section of public opinion. It is claimed to be contrary to American traditions, which run counter to "class" legislation, and its opponents consider it would neither be good finance nor good policy. It is contended that if rural credit is required, the investing public, not the Government, should supply the money needed by the farmers and the security of the bond should be the land itself on which the mortgage is given and not some supposititious guarantee.

Taking these facts into consideration the Senate and House Sub-Committees on Rural Credit have jointly framed a bill (S. 5542) which attempts to meet the needs of the farmers without running counter to the fundamental principles above set forth. This measure, known as the "Fe-



deral Farm Loan Act," was described by Senator Hollis at a "hearing" of the sub-committees (July 23rd., 1914) as being, roughly, as follows:

"To have local units called 'farm loan associations,' whose sole function will be to issue loans on first mortgages on farm lands for certain specified purposes. These local units will be somewhat like building and loan associations in their scope. They will not have regular banking rooms; they will not take deposits; they will not do a chequing business... Their sole function will be to make only good loans and then to 'rediscount' those loans, so to speak, with a Federal land bank. The plan is to have a Federal land bank in each Federal reserve city, so there will be a dozen of them. These land banks will obtain their capital by having 10 per cent. of the capital of the farm loan associations. They are to take farm loans from the local associations and then make those farm loans the basis for an issue of farm loan bonds. The local associations and the land bank are to divide between them 1 per cent. annually on the outstanding loans, so that we know that the expenses are limited to 1 per cent."

The bill provides that the capital stock of each national farm loan association shall be not less than \$10,000 divided into \$25 shares. No person shall be permitted to borrow funds unless he first become a member of such association. The directors of every such association shall appoint two members to serve on an appraisement committee, the third member to be appointed by the directors of the Federal land bank of the district. The loans are to be secured by first mortgages on farm land within the farm loan district, and to be paid off by amortisation. The mortgages are to run for periods from 5 to 30 years, and after the first five years may be paid off at any date at the option of the borrower. The rate of interest is not to exceed the legal current rate of interest in the state in which the association is situated, and the loans may be made only for the following purposes: (a) to liquidate indebtedness previously incurred by the owner of the land mortgaged; (b) to provide for the improvement of farm lands; (c) to provide for the purchase of equipment and live-stock; (d) to provide for the purchase of a farm home. No such loan shall exceed 50 per cent. of the value of the land mortgaged and 25 per cent. of the value of the buildings thereon, and loans may only be made to *bona fide* residents on the farms mortgaged, primarily engaged in the cultivation thereof. No such loan may exceed a maximum of \$4,000 to any one borrower, and the purposes for which the loan is required must be stated on application. The borrower is to pay all taxes due on the lands mortgaged and to insure all buildings thereon, and must enter into an agreement that if the loan be expended for purposes other than those specified in the application the said loan shall become due and payable forthwith.

The farm loan associations of each Federal land bank district shall unite to form the Federal land banking association of the said district. Such Federal land banks, before beginning business, must have a subscribed capital of not less than \$500,000. Their purpose is to issue, subject to the approval of the Federal Reserve Board, and to sell farm loan bonds and

to invest such funds as may be in their possession in the purchase of first mortgages on real estate situated within the Federal land bank district.

This whole system of farm loan associations and federal land banks is to be placed under the control of a Farm Loan Commissioner to be appointed by the Federal Reserve Board. Said Commissioner shall appoint appraisers, one or more of whom shall visit at stated periods every national farm loan district and make a general report regarding the values of the lands therein situated. The Farm Loan Commissioner shall apply to every Federal land bank a schedule stating maximum acre valuations for each national farm loan district, which valuations shall not be exceeded in making the loans.

In order to satisfy the urgent claim of the farmers that the Government itself should assist in financing rural credit, a feature has been introduced into this bill which is objected to by many. This provision is that the Federal Reserve Board may, at its discretion, require the Treasury Department to purchase a certain amount of farm loan bonds yearly, not exceeding \$ 50,000,000 in any one year. Senator Hollis commenting on this provision remarks :

"It is believed by the friends of this bill that that will give the bonds a standing in the money markets of the world... There is a very large contingent in this country, including the granges, that have wanted direct Government loans ; that is loans from the Government direct to the farmer at a low percentage... We had that very considerable element in mind when we agreed on this Government-aid feature; because we knew that they would not be satisfied with anything less than we have put into the bill, and since the bill has been introduced the legislative committee of the National Grange has approved the bill with that feature in it."

#### § 6. CO-OPERATIVE LAND MORTGAGE ASSOCIATIONS.

We thus see that the recommendations of the sub-committees, as embodied in this bill, would provide a half-way-house between joint-stock land mortgage banks and purely co-operative land-mortgage associations, but there is a growing current of opinion which would see in the organisation of such associations, modelled closely on the pattern of the Prussian *Landschaft*, the best solution of the problem of land-mortgage credit in the United States.

At a "hearing" on July 23rd, 1914, Mr. David Lubin (to whose initiative the present movement for co-operative rural credit in America is mainly due) appeared, at the request of the Sub-committees, to outline an adaptation of the *Landschaft* system to meet American needs. Mr. Lubin briefly described such a system as one under which an association of borrowers pools its security, the lands of its members, and accepts mortgages on these lands against which it issues bonds, handing the same to the borrowing members for them to sell on the open market. Such a co-operative

land-mortgage association on the *Landschaft* plan is not in any sense a bank, co-operative or otherwise, but merely acts as an unpaid intermediary between the land-owner and the investing public, to whom it affords the security not of any one particular piece of land, but of all the lands held in mortgage by the *Landschaft*. Mr. Lubin pointed out that this system of rural credits is the most economical, as it does away with all toll-gatherers between the farmer and the bond-purchaser, and it is also the safest, providing that, as in Germany, it work under the following safeguards :

(1) proper legislation to obviate all possibility of dispute as to title in the land mortgaged to the *Landschaft* ;

(2) in case of default, the *Landschaft* must be able to foreclose the mortgage without lengthy legal proceedings. In Mr. Lubin's words : " When the *Landschaft* takes the mortgage of a farmer and gives him the bonds, that mortgage becomes a judgment on the land ; "

(3) most important of all, the appraisal of the land must be absolutely trustworthy and so safeguarded as to command the full confidence of the investing public, for the only security behind the bond is the value of the land mortgaged, the best of all security when conservatively and reliably appraised, and used as the basis of a loan not to exceed two thirds of its appraised value.

With reference to the two first of these three essential requisites for the *Landschaft*, and indeed, for any sound system of land-mortgage credit, the evidence gathered both by the Sub-committees and by the American Commission shows that there is at present great diversity in the laws on land-titles in the several States, giving rise to frequent litigation and entailing heavy expense on the borrower ; that there is diversity in the laws regarding the foreclosure of mortgages, which in many States require lengthy, tedious, and expensive procedure ; and further that obstacles exist in the various State laws on homestead and other exemptions.

It is, moreover, contended that it would be unconstitutional for the Federal government to enact legislation regulating land-titles and foreclosures in the several States, and on the other hand, in the words of Senator Hollis, it would be " almost impossible to persuade the States to pass such a law as would give indefeasible title. "

To this Mr. Lubin, at the " hearing, " replied :

" The Government of the United States has no power to coerce any State to adopt this law or repeal that law in relation to a title. I do not think that a State has any power to coerce the United States along the same lines. But the United States, I think, has ample power to pass an act which will say ' Under this act we will issue charters ; whatever States desire charters may have them, provided that section — of this act shall be complied with ; that is, put in operation. Well, this law is passed, and only one State in the Union can operate under this law, and that is, say, Iowa. Iowa starts a *Landschaft* and issues bonds ; it becomes known to the people. The bonds are sold ; immediately subscribed for ; taken up. The result is that Michigan, for instance, wants the same law ; wants the same charter ; they

apply to the United States Government for a charter. The Government says to them, 'We cannot give you one; your State has to pass those laws in order to get a charter.' And in this way the United States can wait patiently until all the States of the Union are in line, and if they want charters they can get them; but they must comply with the law, and there is no compulsion at all; whenever the States do this they can get the charter."

A provision along these lines, to the effect that the Federal Government would only issue charters to land banks in those States which complied with certain requirements as to registration of title and power of foreclosure, is embodied already in the Moss-Fletcher Bill, and would seem to cover the needs of the case. Some States, amongst which are Massachusetts, California and Illinois, have already adopted legislation on the lines of the well-known Torrens land-registration act, and it is said could easily comply with the foreclosure requirements of the *Landschaft* system. If the plan were to work well in such States, there is little doubt that others would follow their lead and enact the requisite legislation.

#### § 7. THE QUESTION OF APPRAISEMENT.

But the most vital point of all in the matter of safeguarding is the value which can be attached to the appraisements of the land mortgaged, for on this the soundness of the bond must ultimately depend, whatever be the intermediate guarantees given by banks or even by government.

Both the Fletcher Bill and that recommended by the Sub-committees provide for appraisement committees, to be appointed, under Bill S. 4246 by the Board of Directors of each National Farm Land Bank, and under Bill. S. 5542 by the Board of Directors of each National Farm Loan Association, to act conjointly with a third member appointed by the directors of the Federal Land Bank. The Norris Bill, S. 4061, would have appraisers appointed by the Bureau of Farm Loans, which may call on local post-masters to do the appointing. Under these bills the loans would be made on the basis of appraisals thus secured. Would this system adequately ensure the reliability of the appraisal?

Under the *Landschaft* system the valuation is first made by appraisers selected amongst the members of the *Landschaft* itself, then controlled by some outside authority such as a government Professor of Agriculture, and finally is gone into by the Royal Commissioner appointed by the King of Prussia to watch over the working of the *Landschaft*. Moreover, in Prussia, there are very accurate official estimates of the income derived from the land, drawn up for purposes of taxation, and these are used as a basis in making the valuation.

The evidence gathered by the Sub-committees indicates that the assessment of land for taxation purposes in the United States could not afford a similarly reliable basis for appraisement. One of the witnesses examined,

Mr. von Engleken of Florida, stated for instance that a farm of his for which he had refused \$18,000, calculating the value on the basis of five years' income derived therefrom, is assessed at a valuation of \$8000, and the lack of due relation between land assessments and the real value of the farms was generally admitted. But the same witness, above quoted, expressed the opinion of many when he said, speaking of these rural credit bills; "The weakness is that you have no check on the appraisement of the property, and unless you can assure the investor there has been some real check on the optimism of the farmers in appraising the land, you will never be able to float the bonds." Replying to a question: "Don't you think you could get more than 60 for an 8 per cent bond?" he replied: "I do not believe that you could, unless there had been conservatism in the issuing of that bond and in appraising the property."

What should such a check consist in? As opposed to mere reliance on the control exercised by officials appointed by the Federal Government, Mr. Lubin, at the "hearing" before the Sub-committees, said:

"What is the merit of the *Landschaft*? The merit is that the appraisement has been done thoroughly and conscientiously. In the proposed adaptation of the *Landschaft* system to the United States I have made one amendment or modification: the rest is the same as in Germany. The modification that I refer to is one of publicity... I do not trust seven men to appraise the land because they might be all assembled around a table in a poker game and they might say, 'We will appraise that land at \$100 an acre,' although it might not be worth more than \$4 an acre; and there would be lots of bonds issued in one State, say Pennsylvania or Kansas, for example, which would be sold out in Oregon or Florida, which maybe is a very good trick so far as those gentlemen are concerned. They may thus float bonds for \$100 an acre on land that is worth \$4 an acre. And the borrowers can say: 'Well, you can foreclose this afternoon if you want to.' Well, what are you going to foreclose in such a case, when there is \$100 an acre borrowed on land that is worth \$4? There is nothing to foreclose on; you have been humbugged, cheated, robbed. So I do not trust that kind of proposition... And now as to the publicity on appraisements. I would like to have a hearing committee in every *Landschaft* district; and the appraisements should be printed and hung up in the post-office, the butcher's shop, the grocery-store, the courthouse, and other public places prior to the hearings. The public would have a right to attend the hearings on the appraisals. Suppose a farmer has put his land in at a valuation of \$40 an acre. Some of the oldest inhabitants would say: 'If it is worth that much, how does it come that last year he sold so many acres of that land for such and such a price? That man is lying.' That would be the result of publicity; it would force out the truth."

#### § 8. NEED FOR NATIONAL ORGANISATION.

What has so far been said shows the wide-spread interest aroused throughout the United States in the movement for rural credits which was

started in April, 1912, at the Nashville Conference, summoned by the Southern Commercial Congress, and addressed by Mr. David Lubin. The preliminary work towards building up a sound system of long-time rural credits in America has, as we have seen, been to a large extent accomplished; but the last word in framing legislation has not yet been said, and it is doubtful whether any of the bills so far introduced will be enacted in their present form. There is a wide-spread feeling that a pre-requisite to the successful organisation of rural credits would be effective economic organisation of the farmers. On this head the American Commission in the section of its Report entitled "Observations" remarks:

"No one knows just the best method of accomplishing this, but a plan is being tried in some parts of the country that is worth suggesting at any rate. It is as follows:

"Organise a council in each rural neighbourhood the boundaries of which are agreed upon. This council is made up of representatives of all of the associations and institutions in the neighbourhood, such as credit unions co-operative societies, granges, farmers' unions, school board, women's clubs, etc.; let every agency or institution primarily interested in community betterment have a place in the council. The work of the council is to hold community meetings, appoint committees, and in other ways try to accomplish the following objects:

"(1) To create the 'community idea,' that is the idea of 'each for all and all for each;'

"(2) To make a study of the needs of the community in farm matters, in business matters, and in living matters, and out of this study to make a plan of community improvement which includes both those things that can be done at once and those improvements that will take a long time to accomplish;

"(3) To assist and encourage any new organisation in the community that may be necessary or desirable in order that all the problems of the community may be, if possible, worked out to a successful conclusion.

"The county organisation is made up of delegates from all of the community councils in a county. Its purposes are similar to those of the local council except that it views the county as a whole, and serves as a clearing house for all rural improvement matters in the county. It holds frequent conferences to discuss various phases of rural improvement. The State organisation is composed of delegates from the county rural councils, and also of representatives of State-wide organisations of all kinds interested in agriculture and country life. The National Council of Agriculture and Country Life may be made up of representatives of State Councils as well as representatives of national associations and organisations having an interest in agriculture and country life in any of its phases."

Mr. Lubin, in recent publications of his on the subject of rural credits, also insists strongly on the need of organisation amongst the farmers, which he would like to see built up on a more definite and less heterogeneous plan than that suggested by the American Commission. The model he would set before the American farmers is that of the *Landwirtschafts-*

*rat* of Germany, on the lines of which State Councils of Agriculture, culminating in a semi-official National Council of Agriculture with consultative and advisory powers, could be built up. But whatever be the form of organisations ultimately adopted, there is pretty general acceptance of this statement in the Report of the American Commission:

"No one lesson was more fully learned by the Commission in Europe, than that a subject like rural credit cannot be divorced from other phases of the farm question."

It may safely be said that the movement for rural credit legislation is only one phase of the movement now on foot in the United States for re-organising rural production and distribution, more especially the marketing of farm produce, on the basis of co-operation, with a view ultimately to freeing the farmer from dependence on the middleman and the trust.

## FRANCE.

### THE "CREDIT FONCIER DE FRANCE:" ORGANIZATION AND WORK.

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#### § 1. THE ORGANIZATION OF THE "CRÉDIT FONCIER DE FRANCE."

*Historical Sketch.* — As a result of the Decree of February 28th., which sanctioned (the authorization of the President having been obtained) the creation of a land credit society, for the purpose of granting credits to owners of real estate desirous of borrowing on mortgages, to be repaid in annual instalments lasting over a long period, there was founded in Paris a large society, the *Société de Crédit foncier (Banque foncière de Paris)*. At the head of this society were the most important members of the banking and financial world and of the Government. The society was authorised by the Decree of March 29th., 1852, and had a capital of 25,000,000 frs. with 10,000,000 frs. subscribed. The society undertook the negotiation of bonds, and promised to pay the amount of the loans in cash. The rules of the society were approved by a Decree of July 30th., 1852.

In time, there also arose the Land Credit Societies of Marseilles and Nevers, and other similar societies were about to be established. The Decree of December 10th., 1852, however, extended, the rights of the *Banque foncière de Paris*, henceforth entitled "*Crédit Foncier de France*," to all Departments in which no land credit societies existed and permitted it, with the consent of the Government, to incorporate with itself those land credit societies already established, ordering it to raise its capital to 60,000,000 frs., 15,000,000 frs. of which to be subscribed at once, in addition to the above mentioned 10,000,000 frs., and further making it



a grant of 10,000,000 francs. By a Decree of June 24th., 1854, the *Crédit Foncier* as a financial institution was placed under the direction of the Minister of Finance. A Decree of July 6th., 1854 reorganized and finally consolidated the Institute, with the organization of which we shall now deal.

*Management and Administration of the Society.* — There is a Governor who has the management of the business and the representation of the society. Two Sub-governors discharge functions delegated to them by the Governor and act as his substitutes in order of their appointment. The *Administrative Council* consists of the Governor (president), the Sub-governors, administrators and censors. The administrators are at least 20 in number and not more than 23, and are appointed at the General Meeting of Shareholders; three of them must be selected from the *treasurers who are paymasters-general* of finance. One fifth of the number of the administrators is renewed every year, and re-election is permissible. The council deals with matters not reserved for the consideration of the Governor.

The *censors*, 3 in number, are appointed at the General Meeting for a term of 3 years, one third of their number must be renewed from time to time and they may be re-elected.

The censors supervise the carrying out of the rules. The General Meeting, represents all the shareholders, but consists of only the 200 largest shareholders. The list of these shareholders is compiled by the administrative council, twenty days before the ordinary, or extraordinary meeting. On this list there may only figure the names of shareholders on the registers of the society who have deposited their shares with the society 3 months previous to the drawing up of the list. A quorum is formed when the number of members present is 40, holding one tenth of the number of shares issued. The meeting is presided over by the Governor.

The motions are passed by a majority of votes of the members present.

Each of the latter has a vote for each lot of 40 shares, but no one can have more than 5 votes in his own name, or more than 10 either in his own name or as a proxy. Every member of the meeting has in any case a right to one vote, even if he does not possess 40 shares.

*Share Capital. Amount Invested.* — The share capital which, as we shall see further on, has been fixed at 250,000,000 francs, is intended to serve as a guarantee of the obligations of the society and especially of land and communal bonds. It is divided into 500,000 shares of 500 francs each, fully paid up. The amount of the nominal capital of the shares must be maintained at, at least, one twentieth of the capital realised by the issue of the bonds in circulation. The *Crédit Foncier* is authorised to increase the share capital, by one or two operations, to 300,000,000 frs. (represented by 600,000 paid up shares of 500 francs each) as soon as the total of the bonds in circulation shall amount to twenty times the nominal capital represented by the shares.

The share capital of the *Crédit Foncier* must be made up as follows:

1st., At least one fourth must be in French Revenue or other Treasury bonds;

2nd., At most one fourth may be in real estate serving for the headquarters of the society, or in loans to colonies or protectorates, or in bonds accepted by the Bank of France as security for advances.

3rd., The rest must consist either of mortgage and communal loans, or of credits on mortgages opened according to the conditions fixed by the rules, or of land or communal bonds, or backwardations or advances on bonds accepted by the Bank of France as security for advances, or of bills of exchange or commercial bills with at least 2 signatures, approved according to the regulations of the society, or finally of anticipations of the funds necessary to cover the half-yearly payments due from the borrowers and the cost of the property acquired in conformity with the rules as a result of expropriation.

*Operations.* — We shall speak briefly of the principal operations of the *Crédit Foncier*. Amongst these are *loans on mortgage* to the owners of real estate of sums to be refunded either in annual instalments, over long periods or for short periods not repayable in instalments. *Loans for long periods repayable in instalments* are made up to half the value of the real estate for from 10 to 75 years ; as a rule, on first mortgage. The interest at present is 4.85 %. For a loan for 75 years, the annual instalment (interest and sinking fund) is 4.99 %. On woods and vineyards, the loan must not exceed a third of the value.

In the case of shop and factory buildings, their industrial value is not taken into account in the estimation. The borrower can always shorten the period of the loan ; and can ask for a current account to be opened for him from which his half-yearly payments may be deducted. *Short period mortgage loans not repayable in instalments* can be made for from 1 to 9 years at 4.85 % interest without right of repayment in advance.

In regard to the valuation, the *Crédit Foncier* charges for verification, and, in case of sums of more than 30,000 francs, charges for verification and for the examination of the title deeds.

The *Crédit Foncier* makes *loans to Departments, Communes and Public Establishments, repayable in instalments or not*. The rate of interest is fixed at 4.30 %. The *Crédit Foncier* reserves to itself the right of granting special conditions according to the circumstances and nature of the business. The loans not repayable in instalments are all made for from 1 to 9 years.

The *Crédit Foncier* can issue, and negotiate as representative, different kinds of loans, of land bonds (*lettres de gage*) and communal bonds. The capital realised by the issue of these two kinds of bonds may not exceed the amount of the loans on mortgage or communal loans granted by the Society.

The funds derived from the issue shall be placed, until their final investment, in French Revenue or other Treasury bonds, in bonds of the City of Paris, of the Departments and Communes, in shares of the Bank of France, in land and communal bonds, and in railway stock the interest on which is guaranteed by the State. With the authorisation of the

Government, the bonds can be drawn for, with premiums payable at date of payment.

The *Crédit Foncier* has lately begun to permit, as we shall see, the opening of *mortgage credits in current account* within the same limits, with the same guarantees and the same charges for valuation and examination of title-deeds as already established in the case of mortgage loans. These openings of credit are made for a period of 9 years at the most, but the contract may contain a clause for their tacit renewal. The sums advanced bear interest calculated at the rate fixed for mortgage loans increased by 0.30 %.

The credits of the owners of current accounts produce interest calculated in the same manner as in the case of ordinary deposits in current account. Payment can be made by cheque.

The *Crédit Foncier* is also authorised to receive *deposits in current account* at interest, or not, but for not more than 125,000,000 frs. These deposits must consist :

(1) As regards at least one fourth, and, with the permission of the Minister of Finance, of a larger proportion, of the payments into current account at the Treasury, at the rate of interest fixed by the Minister. For these payments with the approval of the Minister there can be substituted the deposit of bills.

(2) For the rest, either by French Revenue Bonds or Treasury Bonds or advances for not more than 90 days on stock issued by the *Crédit Foncier*, or on certificates accepted by the Bank of France as guarantee of advances, or, finally, by bills of exchange or commercial bills at most for 90 days, with at least 2 signatures, approved in accordance with the regulations of the society. Advances on bonds may not exceed half the amount of the deposits, excluding the sums transferred to the Treasury.

The interest paid on deposits is  $\frac{1}{2}$  %. Payments can be made in coin, bank-notes, drafts on Paris, bills of from 4 to 15 days on Paris, drafts and bills on places where there are banks, at 15 days at least from date of deposit, drafts on London, coupons to bearer, and over-due inscribed certificates.

Other operations of the *Crédit Foncier* are loans made by it in place of the State for drainage works, loans in Algeria, Tunis and Morocco, the discounting of the bills of the *Sous-Comptoir des Entrepreneurs*, the receipt of bonds, in deposit and their administration ; the execution of orders on the Paris and other more important Exchanges ; advances on bonds under the conditions adopted by the Bank of France and with the opening of loan accounts ; and the lease of safes.

*Distribution of the profits.* — From the profits realized by the *Crédit Foncier* there is deducted annually :

(1) 5 % of the capital paid on the shares to be divided among all shareholders.

(2) A sum which may not be less than 5 % nor more than 20 % of the balance, to be used for the formation of a compulsory reserve fund in the proportion determined by the Council of Administration. After

the subtraction of a possible contribution for the voluntary reserve fund, the remainder is added to the dividend out of which an advance can also be made at the close of the second half-year.

*The compulsory reserve fund.* — When this amounts to half of the subscribed share capital no further deductions are made to be paid into it, but the deductions begin again, if the fund is reduced, for example, for the purpose of making up the shareholders' dividend of 5 %, in case of insufficient profits.

## § 2. THE WORK OF THE CRÉDIT FONCIER IN THE FINANCIAL YEARS 1912 AND 1913.

In our *Bulletins* for June, 1911 and August, 1912, we dealt with the work of the *Crédit Foncier* in 1910 and 1911: it remains for us now to speak of the last two financial years together.

*Principal Operations.* — In 1912, the excess of mortgage loans over land bonds in circulation induced the *Crédit Foncier* to issue a land loan of 500,000,000 francs under the form of bonds of 500 francs at 3 ½ % to be drawn for. Such bonds were issued for public subscription, partly in paid up and partly in subscribed shares. Whether owing to the rate of interest, or to the attraction of the drawings, or to the option left to the subscribers to choose between immediate payment on their shares and the possibility of extending the payments over a very long period of time, the operation was completely successful, notwithstanding the anxiety caused by unfavourable international circumstances.

In 1913, the capital was increased with the aim of giving the *Crédit Foncier* the means of increasing the amount of loans and the circulation of its land and commercial bonds, since, Art. 4. and Art. 8 of the law of July 6th., 1860 limited the circulation of land and commercial bonds to a sum not to exceed twenty times the amount of the nominal capital of the shares. However, 50,000 new shares were issued which raised the nominal capital to 250,000,000 francs. The subscription was limited to the shareholders of the *Crédit Foncier*, in view of their right of option, and the operation had no unfavourable influence upon the course of the old shares, nor did it cause any noticeable difficulty for the sale of the bonds of the *Crédit Foncier*.

The excess of mortgage loans over land bonds in circulation induced the *Crédit Foncier* to obtain more capital. The conditions at the time being unfavourable to the issue of a large loan, the *Crédit Foncier* had recourse to a comparatively modest operation, permitting of the issue of a nominal capital of 150,000,000 bonds of 500 francs each, not to be drawn for, at the rate of 4 %, in accordance with the conditions of the market. This operation was a complete success.

*Mortgage Loans.* — Continuing the increase begun in 1910, the mortgage loans were :

in 1912: 8,208 for 235,291,808 fr. 80 c.

in 1913: 9,505 " 295,520,856 fr. 22 c.

The loans were distributed according to their importance as follows :

	Loans up to 5,000 fr.	From 5,001 fr. to 10,000 fr.	From 10,001 fr. to 50,000 fr.
1912 . . .	2,347 for 7,819,555	1,959 for 15,607,832.00	2,918 for 70,355,921.80
1913 . . .	2,379 " 7,664,169	2,367 " 18,745,264.18	3,529 " 88,975,546.00
	From 5,001 fr. to 100,000 fr.	From 100,001 fr. to 500,000 fr.	of 500,001 fr. and over
1912 . . .	580 for 43,790,200.00	383 for 77,033,300	21 for 20,685,000
1913 . . .	661 " 50,102,877.04	543 " 107,103,000	26 " 22,935,000

The loans were distributed as follows, according to their duration :

	For less than 20 years	For 20 years	From 21 to 30 years
1912 . . .	770 for 10,032,800 frs.	599 for 9,445,700 frs.	4,039 for 61,537,700.00 frs.
1913 . . .	970 " 16,944,800 "	665 " 11,584,600 "	4,947 " 88,302,664.18 "
	From 31 to 40 years	From 41 to 49 years	
1912 . . . . .	490 for 8,400,201 frs.	73 for 3,666,357.80 frs.	
1913 . . . . .	491 " 14,446,496 "	35 " 1,645,000.00 "	
	From 50 to 59 years	From 60 to 75 years	
1912 . . . . .	313 for 12,377,800.00 frs.	1,924 for 130,131,250 frs.	
1913 . . . . .	336 " 14,106,477.04 "	2,061 " 148,490,819 "	

They were distributed as follows, according to the geographical position of the real estate :

	Department of the Seine	Other Departments, Algeria and Tunis
1912 . . . . .	2,302 for 132,871,907.80 frs.	5,906 for 102,410,901.00 frs.
1913 . . . . .	2,614 " 151,873,677.04 "	6,891 " 143,647,179.18 "

Finally, we have the following distribution according to the situation of the real estate :

	Urban Estate	Rural Estate
1912 . . . . .	5,797 for 194,168,708.80 frs.	2,411 for 41,123,100.00 frs.
1913 . . . . .	7,161 " 241,605,373.04 "	2,344 " 53,915,483 18 "

The amount of repayments in advance in 1912 was 75,137,808 fr. 87 c. and in 1913, 59,771,517 fr. 84 c. Comparing the amount of the new loans with the above repayments, it is seen that the loans exceeded the repayments in advance by 160,153,999 fr. 33c. in 1912, and by 235,749,338 fr. 38 c. in 1913.

The interest on the mortgage loans fixed at 4.30 % on January 12th., 1909, was raised to 4 ½ % on November 11th., 1912, to 4.65 % on July 6th., 1913, and to 4.85 % on November 16th., 1913.

The mortgage loans realised in 1912 and 1913 bring up to 188,598 the total number granted by the *Crédit Foncier* from its foundation up to November 16th., 1913, while their amount is 6,677,806,173 fr. 32 c. Of this amount, the *Crédit Foncier* has recovered in half-yearly payments from the beginning of its operations 819,824,836 fr. 88 c.; in repayments in advance in 1913: 59,771,517 fr. 84 c.; in similar repayments made in preceding years: 3,225,265,101 fr. 54 c. Thus, the balance of capital due on mortgage loans on December 31st., 1913 was 2,572,944,717 fr. 06 c. If we add 246,246,200 fr. for loans for short periods guaranteed by the *Sous-Comptoir des Entrepreneurs*, on mortgage and on bills deposited discounted by the *Crédit Foncier*, and 36,620,150 frs. for loans now in course of being passed and still only at a conditional stage, we arrive at a total balance of mortgage loans amounting to 2,855,811,067 fr. 06 c., of which those granted especially out of the share capital amount to 68,029,167 fr. 82.c.

Years	Communes		Departments		Syndicates	
	Number	Amount	Number	Amount	Number	Amount
		frs.		frs.		frs.
1912 . . . . .	2,885	219,361,361.95	64	90,832,103.63	6	171,500
1913 . . . . .	2,465	94,477,652.32	68	41,182,950.05	12	192,000
Total from 1860 to December 31st., 1913 .	47,433	8,246,629,496.01	914	592,817,789.51	572	124,654,983.49

The amount of over-due half-yearly payments on December 31st., 1912 was 24,433,459 fr. 78 c. The half-yearly payments falling due in 1913 amounted to 135,479,834 fr. 98 c. Thus, the total amount to be recovered in instalments in 1913 was 159, 913,294 fr. 76 c. On December 31st., 1913, this sum was reduced to 24,058,250 fr. 64 c. and on February 28th., 1914 to 17,563,945 fr. 14 c., in which the half-yearly payments falling due before 1913 constituting the true arrears amounted to 1,279,195 fr. 06 c.

The Administrative Council having decided to permit, from January 1st., 1913, the opening of mortgage credits in current account, the total of mortgage credit thus opened in 1913 was 5,335,000 fr. and an increase is hoped for in this class of operations and has been desired by the organs interested.

*Communal loans and other special loans.* — The communal loans granted to Communes, Departments, Syndicates and Public Establishments in virtue of the laws of July 6th., 1860 and February 26th., 1862 were distributed as follows :

As compared with 1912, the communal loans for 1913 show a decrease of 432 loans for 164,608,136 fr. 61 c.

The amount of repayments in advance, which was 20,905,383 fr. in 1912, increased to 27,661,188 fr. 48 c. in 1913. The new loans, thus, in 1913, exceeded the repayments in advance by 126,056,346 fr. 89 c. In 1912, this excess had been 296,820,288 fr. 98 c., but it must be taken into account that in 1912 two loans of exceptional importance were made : one of 100,000,000 fr. to the city of Paris, and the other of 72,350,000 fr. to the Tunisian Government.

The rate of interest on loans to Departments and Communes was 3.85 % from November 14th., 1901 ; it was fixed at 4 % on November 16th., 1912, at 4.15 % on January 28th., 1913, and at 4.30 % on November 1st., 1913. The rate of interest on loans to public establishments, which was 4.10 % from November 14th., 1901, was raised to 4.20 % on November 16th., 1912 and to 4.30 % on November 1st., 1913.

Out of an amount of 4,679,963,386 fr. 55 c. in loans made from 1860 to the end of 1913, the *Crédit Foncier* has recovered by means of half-yearly

Chambers of Commerce		For Building Churches and Meeting Houses		Hospitals, Lunatic Asylums and other Public Establishments		Total for the Year	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
	frs.		frs.		frs.		frs.
55	6,273,377	—	—	15	1,087,329.40	3,025	317,725,671.98
32	16,074,521	—	—	16	1,190,410.00	2,593	153,117,535.37
520	124,654,983.49	876	17,034,573.20	876	29,197,755.57	50,722	4,679,993,386.55

payments, 1,002,954,371 fr. 32; by means of repayment of short term loans when due, 80,661,669 fr. 23; in repayments in advance, 1,228,712,888 fr. 80. Hence, the balance of capital which remained owing on communal debts on December 31st., 1913 was 2,367,634,457 fr. 20, which includes 4,365,391 fr. 82 c. in loans made specially out of the capital of the Society and the reserve funds.

The amount of the annual instalments to be received on communal debts in 1913, was 146,841,520 fr. 78, reduced on December 31st., 1913, to 3,408,194 fr. 51, and, on February 28th., 1914, to 1,121,842 fr. 79 c.

*Summary of the amounts of the land loans, communal and special loans.* — The total amount of the land and communal loans made in 1912 was 553,017,480 fr. 48; of those made in 1913 the amount was 448,638,391 fr. 59. If the repayments in advance made in the respective years are subtracted, there remains an excess in new loans of 456,974,288 fr. 91, in 1912, and of 361,805,685 fr. 27 in 1913.

*Loans in Algeria and Tunis.* — In 1912, the mortgage loans made in Algeria had been 85 for 1,501,500 fr. and the communal loans 49 for 6,022,340 fr. In 1913, they were respectively 181 for 6,431,200 fr. and 35 for 4,285,253 fr. In 1912, the land loans effected in Tunis were 57 for 981,500 frs., besides the loan made to the Tunisian Government. In 1913, the loans increased to 70 for 2,745,200 fr. The total number of the loans made in Algeria and Tunis since the *Crédit Foncier* began working had risen on December 31st., 1913: in the case of mortgage loans, to 8,597 of an amount of 171,913,014 fr. 76 c., and, in that of communal loans, to 837, representing a capital of 253,000,718 fr. 39 c.

*Communal Land Bonds.* — The nominal value of the land bonds in circulation on December 31st., 1912 was 2,594,760,750 fr.; on December 31st., 1913, it was 3,219,826,250 fr. Making the necessary deductions, the sum in 1912 amounted to 2,258,809,744 fr. 14; in 1913, to 255,133,516 fr. 43. The nominal value of the communal bonds in circulation on December 31st., 1912 was 2,257,000,850 fr.; on December 31st., 1913, it was 2,241,712,250 fr. The necessary deductions being made, it was in 1912, 1,811,897,289 fr. 03 and in 1913, 1,913,186,375 fr. 44.

*Comparison between the loans and the bonds.* — The situation on December 31st., 1912 presented an excess of loans to the amount of 808,950,784 fr. 42.; that of December 31st., 1913, an excess of loans to the amount, of 682,731,072 fr. 75.

*Situation at the End of each Year.* — It may prove interesting to compare the situation at the end of each of the two years under consideration:



Credit	December 31st., 1912	December 31st., 1913	Debit	December 31st., 1912	December 31st., 1913
Specie in Hand at the Bank of France . . . . .	4,738,537.57	6,272,991.43	Share Capital . . . . .	225,000,000.—	250,000,000.—
Bonds and Different Bills . . . . .	163,752,817.99	323,682,463.54	Compulsory Reserve Fund . . . . .	20,539,706.29	20,775,591.96
Public Treasury . . . . .	24,229,290.90	24,060,842.47	Allocations for Repayment of Loans . . . . .	262,197,065.07	258,538,317.78
Advances on Deposit of Certificates . . . . .	49,588,519.11	52,283,514.52	Reserves and Various Allocations . . . . .	25,516,845.85	25,716,466.05
Correspondents . . . . .	6,352,380.81	6,454,531.45	Deposits in Current Account . . . . .	84,128,870.04	82,140,358.61
Mortgage Bank in Liquidation . . . . .	11,814,653.74	16,322,845.98	Correspondents . . . . .	98,825,837.95	110,765,410.96
Loans . . . . .	4,882,425,847.99	5,250,911,969.41	<i>Sous-Comptoir des Entrepreneurs</i> . . . . .	4,131,466.63	4,733,568.65
Bonds (Land) Withdrawn from Circulation . . . . .	118,495,351.22	—	Deferred Payments . . . . .	424,595,989.79	409,215,503.74
Real Estate Acquired by the Society by means of Expropriation . . . . .	9,064,907.74	7,404,811.06	Land Mortgage Bonds . . . . .	2,258,809,744.14	2,555,133,516.43
Real Estate of the Head-quarters of the Society . . . . .	22,170,709.25	22,170,709.25	Communal Bonds . . . . .	1,811,897,289.03	1,913,186,375.44
Miscellaneous . . . . .	25,331,690.27	25,757,655.80	Bonds to be Drawn for in Circulation . . . . .	38,143,600.66	39,175,009.90
Interest not yet Due . . . . .	57,605,792.66	62,027,617.01	Bonds to be Repaid and Interest Due . . . . .	23,851,900.10	26,246,797.36
Working Expenses . . . . .	5,094,323.69	5,232,927.36	Half-yearly Payments of Annual Instalments in Advance . . . . .	3,818,738.84	3,670,731.45
			Miscellaneous . . . . .	29,906,730.64	30,819,281.13
			Interest not yet Due . . . . .	46,025,103.73	48,933,248.79
			Profit and Loss . . . . .	21,275,914.18	23,352,701.03
Total Credit . . . . .	5,380,664,802.94	5,802,582,879.28	Total Debit . . . . .	5,380,664,802.94	5,802,582,879.28

*Profit and Loss Account.* — In 1912, the net profit of the financial year was 15,967,713 fr. 31; with the amount brought forward from the financial year 1911, there was a total of 16,181,590 fr. 49, which allowed of a dividend of 35 fr. In 1913, the net profit was 18,119,773 fr. 67, allowing of a dividend of 37 fr.

*Amendment of the Rules.* — In accordance with a decision of the Administrative Council and of the General Meeting, a Decree of June, 7th., 1914 has amended the rules of the *Crédit Foncier*, raising the share capital from 200,000,000 frs. to 250,000,000 frs. and the number of shares from 400,000 to 500,000, and authorising it to raise its share capital to 300,000,000 frs. in 600,000 shares, as soon as the total amount of the bonds is 20 times the nominal value of the shares.

The object of this increase of the share capital of the *Crédit Foncier* is naturally to allow this important institution to increase, in due time, its issues, so as to obtain the means for extending its mortgage and communal loan business.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

### GERMANY.

PETERSILIE (DR.): Denkschrift zur Feier des 50 Jährigen Bestehens der Landschaft der Provinz Sachsen (*Monograph for the Celebration of the Fiftieth Anniversary of the Foundation of the Landschaft of the Province of Saxony*). Large qto. 155 pages and 2 diagrams in colour.

This publication, both on account of the rigorously scientific method in which the history and the various phases of the development of the *Landschaft* of the Province of Saxony are set forth in it, and the wealth and importance of the information it contains, deserves much more than a short notice and we shall utilise it in a future article on this important Prussian Credit Institute, for the moment limiting ourselves to a brief outline of it.

The work is divided into eight chapters, which give the various periods of the history of this *Landschaft* in chronological order, in periods of ten years from 1864 to 1895, and deals separately with the periods 1895-1909 and 1909-1914, in the case of which the division into periods of ten years would no longer meet the requirements of a scientific statement of the facts.

The author considers it necessary to study the development of this *Landschaft*, not only from a point of view exclusively technical and consequently limited, but also, and more specially, in relation to the general circumstances of the national economy, so as to be able to deduce the causes and conditions that have counselled or imposed the successive changes in the constitution and working of the Institute.

The first and second chapters, treating of the conditions for land credit in Saxony before the foundation of the *Landschaft* in 1864, the reader will find specially interesting, as they show clearly and concisely the successive phases through which the initial form of this institute was reached and in consequence of what events and what economic necessities it was founded.

In the chapters that follow, the author deals as we have said, with the development and successive modifications of the Institute. The first decade (1865-1874) was the period of the establishment of the new organization and of its consolidation, the second (1875-1884) that of the sure development of the work of the Institute and the third (1885-1895) that of its tranquil ascent to its present eminent position.

The next periods are considered by the author more at length, above all in so far as regards the important changes made in the years 1909, 1910, 1911 and 1913 in the working of this *Landschaft*, the principal object of which was to extend the sphere of action of the institute and also to make it possible for smaller holdings to benefit by the credit the *Landschaft* offers.

The last chapter deals with the present position of the *Landschaft* of the Province of Saxony and its position in regard to other similar institutes.

At the end of this interesting work of Dr. Petersilie's will be found some important statistical tables, showing the development of the *Landschaft* and two diagrams in colour, the first relating to the issue of land bonds by the Institute between 1863 and 1913 and the second to the maximum and minimum quotations for these bonds.

#### AUSTRIA.

COMPASS. FINANZIELLES JAHRBUCH FÜR OESTERREICH-UNGARN. Gegründet von GUSTAV LEONHARDT, General Secretär der oesterreichischen-ungarische Bank 1915. Herausgegeben von RUDOLF HANEL. Achtundvierzigster Jahrgang. I Band (*Financial Yearbook for Austria-Hungary, Founded by Gustav Leonhardt, General Secretary to the Austro-Hungarian Bank, 1915. Edited by Rudolf Hanel. Year XLVIII. 1st. volume*). Vienna, 1914. Compass Edition. IX. Canisiusgasse No. 10. Pages XLV + 1,721.

The first volume of the new Compass Yearbook, just published, deals with everything generally relating to the Banks and other Credit Institutes of Austria-Hungary, that is to say with: General Statistics; Provincial Mortgage Credit Institutes; the Austro-Hungarian Bank; Mortgage Banks Limited by Shares; Other Classes of Banks; Austrian Banks of Limited Liability; Postal Savings Banks; Austrian Savings Banks; Co-operative Credit Societies; Foreign Banks.

Other chapters deal with loans, with monetary matters, and insurance institutes. The part concerned with loans contains official statistics in relation to the common Austro-Hungarian accounts, the Austrian accounts, the Hungarian accounts, the Bosnian accounts, the Austrian public debt, that of Hungary, the fluctuations in the price of Government Revenue Bonds, the issue of Austrian Government Bonds for the period 1892-1903, the issues of Hungarian Government Bonds for the same period, the issues for 1911-1913, and further, gives detailed information and statistics in regard to the general public debt, the Austrian public debt, that of Hungary, other public loans (provincial, communal, those of consortiums, etc.), foreign loans etc.

The part concerned with monetary matters, deals with gold money, the coinage of money, the monetary convention between Austria and Hungary, Government banknotes, banknotes out of course, silver money and

minor coins, etc. As we said above, a large part of the book is given up to the Banks and Credit Institutes; here we find information relating to co-operative credit in Austria, Hungary and Bosnia, and more particularly: Statistics of Austrian Co-operative Credit for 1880-1912; the Hungarian law of the year 1898 on co-operative credit societies; statistics of Hungarian co-operative societies for 1880-1912; the central provincial co-operative credit society; statistics of the co-operative credit societies of Croatia-Slavonia; the Austrian co-operative credit societies arranged according to the alphabetical order of their headquarters; the co-operative credit societies of Hungary, Croatia-Slavonia and Bosnia, with their respective balance sheets.

In the last part of the book we find information in regard to the insurance societies, and in each case the balance sheet, the board of management, the council of supervision, and other facts deserving of mention.

At the end of this large volume there is a list of the banks, money changers, etc., in alphabetical order of the cities in which they have their establishments.

The present volume, like those that have preceded it, is of incontestable importance for an acquaintance with the organization of finance in Austria-Hungary, it gives a summary of the whole financial business, from a very large number of scattered reports and balance sheets. It is a precious guide for whoever has to venture along the tortuous paths of the financial life of a great nation.

#### DENMARK.

PRIORITESTS GOELDEN I DANMARK FOR. 1. JULI 1909 (*Danish Mortgage Debt on July 1st., 1909*). Published by the Copenhagen Statistical Office, 1914. pp. 67-93.

This is the first complete and systematic collection of statistics of Danish Mortgage Credit. Up to the present the statistics in connection with this subject have been reported in the annual communications on the fluctuations of mortgage business and in the registers of the courts in relation to the various transfers of landed property. It is clear this material was too sparse and fragmentary to give a general idea of the situation of the Danish mortgage debt.

The information in the work before us, however, rests on a wider and more definite basis, that is on the valuation of landed estate made for the purposes of the cadastre. The methods followed in dealing with the material, in addition to various general considerations and statistical summaries, provide matter for a clear and well arranged preface: and, at the end, by way of conclusion, there is a diagram showing the distribution of the mortgage debt in the various parts of the country.

The details are set forth in nine pages of statistical tables.

We shall deal more at length with this subject in a special article in a future number of this Bulletin.

ITALY.

SOCIETÀ ITALIANE PER AZIONI. NOTIZIE STATISTICHE: 1914. CREDITO ITALIANO (*Italian Societies Limited by Shares. Statistical Notices: 1914. Italian Credit Institute*). Milan, Lanzani, 1914 pp. 1,431.

This is the fifth edition of the Statistical Notices in regard to the principal Italian Societies limited by shares, very opportunely published by the Italian Credit Institute. It deals both with societies limited by shares and societies *en commandite* limited by shares, with head quarters in the Kingdom, with a paid up capital of 50,000 francs or more at the time of closing their last year's accounts and in the case of the electric light and power societies, and in their case alone has any difference been made, it has been attempted to show them all, irrespective of their capital. Account is also taken of those foreign societies, a very large part of the business of which, and in some cases the greatest part of it, is conducted in Italy.

In the case of each society, also the particulars of the balance sheet,, the year of foundation, the head quarters, the object of the society and the manner in which the board of management is composed, are given.

The publication, which is very well arranged, will be of interest also to farmers, as some of the credit societies it treats of serve agricultural areas.

## Part IV: Miscellaneous

### GREAT BRITAIN AND IRELAND.

#### DAMAGE DONE BY GAME.

##### OFFICIAL SOURCES:

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## INTRODUCTION.

In England and Wales, a country in which the atmosphere of "sport" has long been a distinguishing feature, the preservation of game for purposes of hunting, falconry, coursing, and, later, of shooting has always been an important factor in the social and economic questions of the countryside. As far back as the reign of William I. stringent "Forest Laws" were passed which secured for the purpose of the King's diversion large areas of land set apart for the preservation of forest game, *i.e.*, boar, wolf, hart, hind and hare. It was *inter alia* the too rigid enforcement of these Forest Laws in the special Forest Courts in which they were administered that led the Barons and populace alike to demand from king John that great charter of English liberties called "Magna Carta". Many of the provisions of Magna Carta were subsequently confirmed by the various Forest Charters which subsequent kings granted to lessen the severities complained of. In order perhaps to appreciate to the full the significance of this state of affairs and also that of the "Game Laws", subsequently so called, it is necessary to refer to the English Common Law as to the subject of wild animals. According to this law, based upon that of the Romans, there could be no "right of property" in a wild animal as such. It is true when once he had been captured he belonged to the captor, but until that point he was considered as a "*res nullius*", and since a "*res nullius*" could have no owner, the king as the ultimate owner stepped in, and where he did not enact special Forest Laws by virtue of this prerogative, in some cases he conferred franchises of chase, park or warren upon such of his subjects as he delighted to honour, in other cases the land remained subject to the Common Law rule and no one had any property in the wild animals until actually reduced into possession by capture or killing. One other most important consequence flowed from this Common Law rule and that was, that in as much as game belonged to no one, there could be no prosecution for theft, whenever any game was pursued and captured on another person's land. With no criminal law to protect the qualified ownership which the owner or occupier of land might consider that he had in the game on his land, and with only a civil action in case of damage by trespass against any one in pursuit of game, the lot of the agriculturist whose land was frequented by game would perhaps not have been too enviable, consequently we find that in 13 Richard II c. 13 was passed what is sometimes referred to as the first of the English Game Laws. This act provided that no one who did not own lands worth 40s. a year was to keep a dog to hunt, or ferrets, or other "engines", and apparently made it illegal for any one not owning a 40s. freehold to take game. This property qualification was in the later Middle Ages increased to freeholds or £150 leaseholds, but in 1831 the necessity for any such qualification was removed. In course of time also a change in the law, which recognized in the owner or occupier of the soil the exclusive right of taking game on



his own land, materially helped to a solution which must in turn have reacted not unfavourable upon agriculture. But the fact that the right to take game was by Statute enjoyed only by the landowning class and not by the occupiers, which in England and Wales have always considerably exceeded in acreage that of the former (so that in 1912 the number of occupying owners was only 11 per cent.) in course of time acted detrimentally to the occupying classes as and when the interests and comparative wealth of the two classes began materially to differ. It was thus felt that some change in the law was necessary and in 1831 was passed an Act which abolished the necessity for a property qualification.

#### § 1. LEGISLATION IN THE INTERESTS OF THE GAME PRESERVER.

The beginning of the second quarter of the 19th Century, indeed, marks the commencement of most of the present law upon the subject of game preservation, and on account of the great growth of industrial wealth game began to assume an economic and social importance out of all proportion to its actual commercial value. Indeed "sporting tenancies" and the reservation of game by landowners seem often to have led to such an undue preservation of game as has on many occasions directed attention to its adverse influence on agriculture. Before, however, proceeding to discuss criticisms of the working of the Game Laws it will be well to see of what those laws consist. The legislation of the 19th Century was directed until 1880 towards achieving two objects, — the prevention of trespass by unauthorized persons on the land of others in pursuit of game, and the preservation of game by the enforcement of a close season. The more recent legislation, however, has proceeded on a different basis, *viz.* the protection of the agriculturist against the ravages of game.

The first two of the acts to be noted, — the Night Poaching Act of 1829, and the Game Act of 1831, were chiefly concerned with what is called "trespass in pursuit of game". More severe penalties are imposed upon night poaching than upon day poaching. The Act of 1829 was evaded by poachers taking game upon the road, consequently an amending act was passed in 1844 to punish those who take game or rabbits on any public road by night. Another Act, called the Poaching Prevention Act, 1862, provides additional remedies to prevent poaching, and gives to any constable in any public road the power to search any person whom he may have good cause to suspect of poaching as also any cart, and the right to detain any article used for poaching if found. If the trespasser is subsequently convicted, his guns, nets, etc. are forfeited. Under this act game includes pheasants, partridges, grouse, black and moor game (and eggs of these), hares, rabbits, woodcock and snipe.

The close seasons which have been fixed by act of Parliament also materially add to the preservation of game. There is a close time for most game, *e.g.*, that for grouse is from December 11th to August 11th inclusive,

and during these close seasons it is illegal to kill or take game. But there is no close time for hares or rabbits, though hares may not be sold during March to July, inclusive, neither may game, including hares and rabbits, be shot at night, nor on Sunday (except rabbits). It is perhaps germane to this subject also to state that a close season has been fixed by authority of Acts of Parliament for wild birds other than game, even though many of the birds thus protected may be more hurtful to agriculture than beneficial, and this it must be surmised has been done on humanitarian grounds alone.

## § 2. LEGISLATION IN THE INTERESTS OF AGRICULTURE.

We now come to the Ground Game Act of 1880 which effected the first radical alteration in the law of modern times. The preamble is instructive and gives us the keynote of the Act. It reads: It is desirable "in the interests of good husbandry and for the better security of capital and labour invested in the cultivation of the soil." The Act only applies to ground game, *i.e.*, hares and rabbits, and is so framed as to help the agriculturist to preserve the productions of his capital and labour, with only just sufficient interference with the freedom of contract as may be advisable for that purpose. It confers a right upon the occupier of the land which is incapable of severance from his possession of the land. The right so conferred is to slaughter and take hares and rabbits, but it is restricted in many ways. For one thing it is concurrent with a similar right of any one else, *e.g.*, landlord or "sporting tenant", if the landlord has in the agreement of tenancy reserved such a right to himself or his assigns. It will be well to notice the limitations imposed by the act upon this right. They are as follow :

(a) The occupier is to take or kill ground game only by himself or by persons duly authorised by him in writing ;

(b) The only persons to whom the occupier may delegate these rights are (i) members of his household resident on the land in his occupation, (ii) persons in his ordinary service on such land (*i.e.*, on the land where the game is killed), (iii) any other person *bona fide* employed for reward to destroy ground game.

Of these persons, however, only the occupier and one other person authorized in writing and answering to one or other of these descriptions, may kill the game with firearms. Any other person, even if he has the tenant's written authority can be prosecuted for trespass. Such person must on demand by the landlord or his duly authorized agent produce such authority, otherwise he is an unauthorized person and may be prosecuted for trespass also.

In the case of certain classes of moorlands (above 25 acres) and unenclosed land (above 25 acres and not being arable) the time during which the occupier may exercise these rights is materially restricted (to about

4 months in the year), though an amending act of 1906 extends this right to kill in such areas for about 3 more months in the year but then only "otherwise than by the use of firearms".

It must be distinctly noted that the rights given by these Acts are, in the interest of agriculture, inalienable, and any agreement which purports to divert or alienate the occupier's rights or to give him any advantage in consideration of his forbearing to exercise them or which imposes any disadvantage in consequence of his exercising them is void and unenforceable. Nor may his right be interfered with or obstructed.

Now the Ground Game Act only applied to one species of game, *i.e.*, hares and rabbits. The occupier, therefore, with regard to winged game was still left in the position in which he was before the Act, and as the landlord usually reserved such game, the tenant had usually no right to take it, nor had he any right to sue his landlord for damages for injury done by such game unless he could prove that the stock had been considerably increased since the commencement of his tenancy, a claim which it is alleged is peculiarly difficult to substantiate. The landlord and his "sporting tenant" are however at Common Law liable to the occupier for any damage wilfully or unnecessarily done by them whilst in pursuit of the game, *e.g.*, trampling down standing corn or breaking hedges, etc.

However, with regard to winged game his position was improved in 1908 by the provisions of the Agricultural Holdings Act of that year. That Act provides that where damage to crops is done by game which the tenant has not the right at law or by agreement to kill, he shall have the right to compensation on the following conditions :

- (1) The damage must exceed 1s. per acre of the area over which the damage extends ;
- (2) Written notice must be given as soon as possible after the damage is first observed ;
- (3) The landlord must have a reasonable opportunity of examining the damage, (a) in case of growing crops, before it is raised, reaped or consumed, and (b) in case of raised or reaped crops before removal from the ground ;
- (4) Written particulars of the claim must be given within one month of the expiration of the year for which the claim is made.

Failing agreement as to the amount of compensation payable, the matter is to be settled by arbitration. Any agreement which purports to impose any limitation upon the rights conferred by the Act is void, and thus the tenant is prevented from depriving himself of his rights even if he be so minded. The Act provides also that the landlord shall be entitled to be indemnified by his "sporting tenant" in case he has let the "shooting" and a claim is made by the tenant. In this Act the word "game" means deer, pheasant, partridge, black game and grouse.

Before closing this review of some of the more important provisions of the Game Laws, we must refer to two matters of administration which are not unimportant. The first relates to the fact that the enforcement of the law for the prevention of poaching is for the most part left by the

police to those servants of the landowner called "gamekeepers", of which at the census of 1911 there were in England and Wales 17,148. The other matter relates to the provisions which govern the Gun and Game Licences incidental to this sport. Occupiers and persons duly authorized by them do not require a Game Licence to kill ground game, though they do require a Gun Licence to shoot even rabbits, and this costs them 10s. a year. Neither is an occupier subject to the necessity of having a Game Licence to sell ground game, and this again saves him £2 a year.

So far we have been chiefly concerned with the rights affecting landlord and tenant *inter se* and the criminal law with regard to the protection of those rights from infringement by third persons. There is one other aspect of the matter, and that is with regard to any damage done by game bred and fostered upon the land of an adjoining owner. In this case the adjoining owner or occupier who suffers damage by the depredations of such game upon his land has a claim for damages against the person who breeds them, on the ground that he has wilfully bred that which he must have known might cause damage to his neighbours.

### § 3. ECONOMIC EFFECT OF THE GAME LAWS.

In the realm of history we find that the enforcement of the Game Laws has on many occasions led to conflicts between the preservers of game and those who wished to "poach" it for their own use. Poaching we are told was in the Middle Ages quite a fashionable pastime amongst youths of good family. Labourers also indulged in it and we find sometimes laws passed to regulate the lives of labourers who on Sundays instead of attending Church were poaching their masters' game, to preserve game for those who were wealthy enough to enjoy the sport, and to prevent labourers from wasting their time in the sport, when the poverty of their condition demanded honest work from them to enable them to live. But poaching continued, and it is generally reported that the stigma of being a convicted poacher was practically no stigma at all, and the same remark seems by many to be almost equally applicable to the present day. One unfortunate consequence following from this fondness for poaching has been that frequently serious bodily harm has resulted to one side or other of the combatants, and sometimes death.

But apart from history of the Middle Ages and later times there are official enquiries which have been held upon this subject, and there are the views of non-official bodies and persons which must each be considered in turn.

The first official enquiry which we will note is that held by the Parliamentary Committee of 1846 to enquire into the extent of the damage done by game to agriculture. The witnesses, says John Bright, through whose instrumentality the enquiry took place, were strikingly in harmony on the main part of the game controversy, and considerable evidence was

collected which showed that some farmers at least lost considerable sums of money on account of damage by game. One estimated his loss at over £3 per acre, another at £2 6s. and so on. It was also calculated that 4 ½ rabbits consume as much food as one sheep, which figure did not include waste which in the case of rabbits and hares is very considerable.

In 1872, a Select Committee was appointed to enquire into the Game Laws of the United Kingdom "with reference to their general bearing on the interests of the Community". The Report states, "There can be no question that the existence of a large number of hares and rabbits upon an arable farm is most prejudicial to its occupier, and your Committee cannot too strongly reprobate the practice of some landlords and their sporting tenants of keeping a large stock of these animals on cultivated lands to the injury of the crops of the farming tenants". The Committee recommended, "That the occupiers of game preserves should be made liable to the occupants of adjacent farms belonging to other proprietors for damage done by the ground game harboured in their preserves"; and also, "That the protection given by the game laws to rabbits should be withdrawn, as vermin on cultivated land, as they consume or destroy more food than they are worth".

In the Digest of the Report and Evidence of the Select Committee of the House of Commons on Forestry, held in 1885-7 and contained as an Appendix to the Evidence taken before the Departmental Committee on British Forestry 1902, we read, "Game is injurious and plantations suffer much from it, more particularly from rabbits, capercaillie, grouse and hares and also squirrels."

Before the Departmental Committee on British Forestry held in 1902, many witnesses spoke as to the damage done to forestry by game, and particularly by rabbits, and many suggested that the sporting element conflicted with the full use of the land for forestry purposes. For instance Colonel E. Bailey, giving evidence as to the condition of the woods in Scotland said, "The fact is that our woods are, generally speaking, grown and maintained rather as game preserves and for the sake of amenity than for profit or timber, etc."; and the Earl of Selborne said, "Rabbits and forestry are perfectly incompatible, and the English landowner, who is usually comparatively a poor man, has not the slightest conception of what his rabbits are costing him or what his game preserve is costing him"; but later on we read, "Partridges and pheasants do absolutely no harm at all (to young plantations); quite the contrary". In a statement handed in to the Committee by Mr W. B. Havelock, he says *inter alia*, "The damage done by rabbits to the plantations of the country is enormous, and cannot be overestimated. No one but the forester has any idea of it. They effectually prevent that natural regeneration of the woods which is so striking a feature in some of the North German and French forests"; again, "The preservation of pheasants when carried to an extreme also prevents, to some extent, the natural regeneration of the woods of the country. The birds eat up all the acorns and beech masts . . . . but the damage they do is infinitesimal as compared with that done by

rabbits"; and again, "Hares also do damage by cutting off newly planted trees, but they are not so numerous as rabbits, and trees need only be protected for two or three years against them."

Commenting upon the backward state of British forestry as compared with that of the leading European States, the Advisory Committee on Forestry, in Appendix IV of their Report made in 1912, after referring to the changed economic conditions, made the following pertinent observations, — "Socially the situation has been further affected by the large number of landowners who have been able to neglect the financial side of their woods and to look upon them as ornamental features or simply as useful adjuncts to sport. The general increase of the prosperity of the nation during the last century resulted in the formation of a wealthy class by whom wooded estates were sought after, but to such men the chief value of their woodlands was in the residential and sporting amenities provided. The profitable growing of timber was a very minor consideration."

This exhausts the official enquiries which have been recently held upon this subject, but there are other observers whose views must be considered. Quite recently an enquiry was made by the Land Enquiry Committee, on this and kindred subjects. The composition of the Committee and the fact that it was a purely party organization has been previously referred to in this *Bulletin* (1), and therefore here again we must be careful to receive the views and findings of the Committee with the caution which most political enquiries demand. The Committee find that the provision of the Agricultural Holdings Act giving compensation in certain cases is largely abortive because of the difficulty of proving the damage done, — especially in a large area, — and because of insecurity of tenure, owing to which any attempt to enforce such statutory rights may result in notice to quit. They also state that the same remark applies to the enforcement of the tenant's rights under the Ground Game Acts. They also find that the preservation of winged game is often responsible for damage done by ground game, inasmuch as in order to preserve the former, orders are given not to shoot the latter for fear of disturbing the former. Again much land, they say, is withheld from its best use for sport and more is undercultivated and underrented. They also recommend that some of the limitations upon killing and the method of killing should be removed and that the enforcement of compensation should be made less expensive. They also condemn the existence of the sporting tenant and recommend that it should be made illegal for the landlord to let to him, — that sporting rights, that is to say, should be reserved to the landlord himself or let to the agricultural tenant. They also recommend that the restrictions imposed upon the tenant should be removed so as to enable him and any one authorized by him to shoot, and to kill or take, and to snare or trap anywhere on his land. Farmers should also have compensation for damage to crops by

(1) See the *Bulletin* for July, 1914, at page 101.

ground game on neighbouring land. The right of search should be abolished and land used for sporting purposes should be taxed and rated more highly, and in addition the farmer should be given complete security of tenure otherwise any increased remedies will be of no use.

It must be pointed out that those findings have been strongly criticised in some quarters, chiefly on the ground that they are an exaggeration of the real facts as also because they omit to make any mention not only of the benefits indirectly resulting to agriculture by the immense amount of money brought into the country districts by the sporting men, but also of the fact that land has been put to good use for this purpose when otherwise the state of agricultural depression in the country generally would have put much of this class of land out of use altogether, and further on the ground that no mention is made of the fact that land is usually let to the farmer at a reduced rent when the shooting is reserved by the landlord.

It is however unanimously admitted that game if excessively preserved can and will do immense damage to agriculture and we find such diverse writers as the Hon. Jesse Collings, M. P., Sir R. E. Edgumbe, Messrs G. E. Ranie, Christopher Turnor and F. E. Green agreeing upon this. But there is one other agricultural observer of repute whose remarks will materially help us to a fair appreciation of some of the merits of this controversy. Mr A. D. Hall in his "Pilgrimage of British Farming" which took place in 1910-12, in commenting upon the generally friendly relations existing between landlord and tenants says, "We heard but rarely of cases of injustice or oppression and when they did arise it was generally over game. For example we heard of one landlord who had threatened to turn a tenant out if he did not take his fowls off the stubble and thus leave the shed corn for the partridges. In the south and east of England the game sometimes are allowed to interfere seriously with the farming". Again, "The rabbit is reported to have destroyed much good land in Australia, but we doubt if he does not levy a greater if less obvious toll in England. Even where there is no question of a warren it is wonderful what damage a farmer will tolerate for the sake of the little shooting to which he is entitled"; and again, speaking of the Vale of Eden in 1911, "In some places rabbits were a curse and really seemed to be getting most of the keep that was produced in that dry summer"; and yet again, "Without doubt in places (in the Blackmoor Vale) game is too abundant and is taking too great a toll of the crops".

#### CONCLUSION.

Admittedly then game if excessively preserved is capable of doing much damage to agriculture, and accordingly, in the proposals which have

recently been put forward for land reform in England and Wales, the restriction of game preservation and the provision of more adequate compensation to farmers for the damage done by game occupy a prominent place. On the other hand it is urged by critics of these proposals that great caution should be exercised in amending the Game Laws, lest the direct benefit to agriculture may be more than counterbalanced by the disturbance of the vast financial interests which are involved in the land, largely on account of the sport which is obtainable from its possession.

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## BRITISH INDIA.

### LAND REVENUE ADMINISTRATION AND TENURES IN BRITISH INDIA.

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The standard work on Land Revenue Administration and Land Tenures in British India, now unfortunately somewhat out of date, is the "Land Systems of British India" by the late Mr. B. H. Baden Powell in three portly volumes of some 700 pages each. The mention of this fact is sufficient to show the very great difficulty which must attend any attempt to give an intelligible and, at the same time, accurate account of the land revenue system of India within the limits of space allowed by an article in the *Bulletin of Economic and Social Intelligence*. What follows must, therefore, be considered a sketch in barest outline, the details of which should be filled in by reference to the works, a list of which is given at the end of the article. To the admirable presentment of the subject in the "Imperial Gazetteer of India," more especially in those chapters of the general volumes which deal with "Land Revenue" and with "Rents, Wages and Prices," I must here express my very great obligations.

I propose, somewhat reversing the order of my title, to treat of my subject in three main heads. The tenure of land relative to the State will first be discussed, then the relations of tenants to landholders, that is to the persons who have direct relations with the State, and finally a brief account of the land revenue administration will be given. It must be understood that almost all general statements are subject to exception and that it has not been possible to do more than give a bald recital of facts as they are without entering into a discussion of the policy or the historical circumstances which have made them what they are.

#### I. — TENURE OF LAND RELATIVE TO THE STATE.

All land in British India is held subject to the payment of land revenue to the State unless the State has definitely waived its right to collect such revenue. A description, therefore, of land tenure relative

to the State resolves itself into a description of the persons by whom land revenue is paid and of the manner in which the amount paid is fixed.

The land revenue of India is a form of public income derived from the immemorial law and custom of the country. In its primary form it represented the portion of the cultivator's grain heap retained by the State for public use. In the days when India was a congeries of petty States, it was possible to realise the bulk of the income of the State in this crude way, but when the Mughal Empire had established itself over the greater part of the Peninsula, its disadvantages became apparent. In the sixteenth century, therefore, the plan of taking the share of the State direct from the grain heap was abandoned and cash rates were substituted for payments in kind, the cash rates being fixed for a period of years instead of being subject to alterations annually. At the period when Mughal supremacy was really effective, these cash payments were realised direct from the cultivators. As the Mughal Empire disintegrated, the practice of leasing the revenue of large tracts of land became common. The Central Government was able to maintain a less and less effective check on the lessees and, at the commencement of the British Empire, the collection of land revenue had become little more than a disorganised scramble by the later Muhammadan Governors, nominally owing fealty to the Emperor at Delhi, but in reality independent, the Mahrattas and the Sikhs, for the greatest amount that could be wrung from the land.

The first task of the British Administrators was to bring order out of this chaos. Development naturally proceeded in the different parts of India on different lines which were determined to a great extent by the vestiges of the systems prior to the times of disorder which still survived and by the capacity of the early British Administrators, with the limited knowledge then at their command, to understand their purport. As is well known, the result of this development has been the broad classification of the revenue systems of British India into two main divisions, "*zamindari*" and "*ryotwari*." The difference in the two systems may roughly be described as a difference in the status of the persons from whom the revenue is actually demanded. Under the *zamindari* system, the revenue is imposed on an individual or community owning an estate and occupying a position identical with, or analogous to, that of a landlord. The land is held as independent property subject, of course, to payment of land revenue. Under the *ryotwari* system, the revenue is imposed on individuals who are the actual occupants or are accepted as representing the occupants of the, usually, small holdings. *Ryotwari* land is held of the Crown in a right of occupancy which is, under British rule, both heritable and transferable. The distinction between *zamindari* and *ryotwari* land has its historic origin in the varying degrees in which in different parts of the country, tribal occupation of territory has superseded the rights of the ruler or full proprietary right has been granted to the individual. From time to time the essential difference between the two systems has been sought in other characteristics than those mentioned above, such as the rights of Government in the soil, joint and several responsibilities for payment of revenue, the treatment of waste land, which in a *zamindari*

estate belongs to the land holder, in a *ryotwari* village to the State, and so on, but into a discussion of these points it is impossible here to enter. The *zamindari* system is the system which prevails in the provinces of Bengal, Bihar and Orissa, the United Provinces, the Punjab and the Central Provinces and in parts of Madras. The *ryotwari* system is the system in force in Bombay, Burma, Assam and the greater part of Madras. About 53 per cent of the land revenue assessment of British India is *zamindari* and 47 per cent *ryotwari*.

### § I. FEATURES OF ZAMINDARI TENURE.

#### (a) *Bengal, Bihar and Orissa, and Madras.*

The features of *zamindari* tenure differ greatly in the different provinces in which the system is in force and the word *Zamindar* has quite a different connotation in Bengal, Bihar and Orissa and the *zamindari* areas in Madras, from that which it has elsewhere. When those provinces passed under the British rule, it was found that revenue was being collected by "*zamindars*." In a few cases the *zamindars* were the descendants of sovereign rulers or were territorial chiefs who had been left in possession on grounds of policy by the Mughal rulers on condition that they agreed to pay into the Imperial treasury a proportion of the revenue collected from their villages. But by far the large majority of them were ex-officials, court favourites or men of local influence who, when the practice of farming the revenue grew up with the decay of the Mughal Empire, had undertaken such a farm and had gradually acquired the name and position of *zamindar* which at an earlier period had been confined to the first class mentioned above. At first, the *zamindars* paid into the treasury the whole amount collected from the cultivators less a definite allowance for maintenance and collection charges. But by degrees, as the control over them weakened, their payments tended to become fixed, though always nominally liable to enhancement, in spite of the fact that they were meanwhile opening up new sources of income, over and above the rental on which their revenue had been calculated, for example by the realization of rent from the cultivators of waste lands. At first, too, it had been necessary to obtain a fresh grant or authority from the ruling power before a son could succeed his father as *zamindar*, but by degrees this practice was dropped and the office became hereditary. The early British Administrators who found this state of affairs in existence could not rid themselves of the English idea that the person to whom rent was paid must be a landlord and must possess proprietary right in the land which paid the rent. No enquiry was, therefore, instituted into the manner in which the different *zamindars* had obtained their position, but all alike were recognised as proprietors of the soil.

The legislation which gave the Permanent Settlement of the land revenue in Bengal, Bihar and Orissa and Madras the force of law, laid down that the *zamindars*, their heirs and lawful successors should be allowed to hold their estates at the same assessment for ever, and also conferred the right of transfer upon them. Their rights, therefore, are freely heritable and alienable.

(b) *Agra and Oudh.*

In the province of Agra double proprietary rights were found to exist in some districts. The origin of the superior proprietors was much the same as that of the *zamindars* in Bengal, although their vernacular name was different, but as a result of the experience which had been obtained in Bengal, it was considered advisable to engage with the actual village proprietors instead of with the superior proprietors where the latter were officials or had but recently acquired their authority. The double proprietary form of tenure is in consequence rare in Agra, except in a few districts. The engagement for the payment of revenue which, except in the Benares division, is not permanently settled, is usually taken from the subordinate proprietor, who pays in addition the fixed percentage, usually 10 per cent on the revenue, into the treasury, from which it is disbursed by Government to the holder of the superior proprietary right. In Oudh, the province which with Agra makes up the United Provinces, the superior proprietors lost nearly half their lands when the Kingdom passed directly under British rule in 1856, but after the Mutiny of 1857, their status before 1856 was revived. In that province, the settlement of land revenue is accordingly made with the superior proprietor and the subordinate proprietor is protected by a sub-settlement. He manages the holding for which he has a sub-settlement and pays the revenue demand on it plus a fixed amount to the superior proprietor direct. For revenue purposes, the unit in the United Provinces is the area for which a separate agreement for the payment of land revenue is taken. The nearest English equivalent to the vernacular name of this unit is perhaps the word "Estate". An "estate" may be either a single village, part of a village, more than one village or even parts of several villages. The ordinary landholders are known as *zamindars* but from what has been explained above, it will be seen that they do not correspond exactly to the *zamindars* in Bengal. The tenures under which they hold their land in the United Provinces are divided into four classes. In the first of these, the profits, but not the land, of the "estate" are divided among the co-sharers, if there are more than one, according to their shares. In the second, the whole land and not the profits of the "estate" is divided between different co-sharers or groups of co-sharers in definite fractions of the total. The third class of tenure is a combination of the first and second. In this case, part of the land is undivided as in the first class and part is divided as in the second class, the profits of the undivided land being shared in approximately the same proportions as those of the divided land. The fourth class of tenure is that in which the land is divided

but each share is a definite area or specific plot and is not defined as a fraction of the whole. In each of the four classes, the revenue is usually paid by a representative of the co-sharers, known as the "headman," each "estate" having one or more of these. In "estates" of the first of the classes mentioned above, where there are several co-sharers and in "estates" of the second and third classes, the relations between landlords and tenants are managed by representative co-sharers in consultation with the whole body. In the eastern districts of the provinces, however, the sense of joint responsibility is rapidly weakening. The "headman" system is, in consequence, gradually breaking down and individual co-sharers frequently manage their own shares and pay their revenue direct.

(c) *The Punjab.*

Passing from the United Provinces to their western neighbour, the Punjab, we find that whilst a distinction used to be made in the revenue records between the same four classes of tenures as are found in the United Provinces, the distinction is now of little practical importance.

The *zamindars* in an estate are still, in theory, bound by common responsibility towards Government and each is liable for any balance of revenue due from any of the others. But the enforcement of common responsibility has now become practically obsolete and the owner or owners of each holding are now in reality assessed separately to revenue and are responsible to Government only for the revenue so assessed.

(d) *The Central Provinces.*

In the Central Provinces, at the commencement of British rule, most villages in the open country were in the hands of lessees who held farms of the land revenue of villages from Government for short periods, usually a year, the leases being granted for single villages. For the same reasons which had led to the Permanent Settlement of Bengal, it was thought that the development of the country could best be secured by the establishment of landholders who possessed their property in fee simple. So at the long term settlements made immediately after the constitution of the province in 1861, it was decided to recognise as full proprietors all persons in possession of villages as lessees. The practical result of this measure was thus the conversion of their tenure from leasehold to freehold subject, of course, to payment of land revenue.

(e) *Madras.*

The *zamindars* who hold permanently settled estates in the northern districts of Madras and in parts of the Central and Southern districts are in almost all cases the descendants of feudal chieftains of various classes. The few survivals of the abortive attempts made at the beginning of the nineteenth century to introduce a permanent settlement throughout the rest

of the Presidency by putting up farms of Government revenue to auction have a different vernacular name. The *ryotwari* system which is found in the rest of Madras, and in Bombay, Burma and Assam, has been sufficiently described for the present purposes in the definition already given. In those provinces, the agriculturist is a peasant proprietor who makes all payments in respect of the land he cultivates direct to the State.

## § 2. THE "SETTLEMENT" OF LAND REVENUE.

After this brief description of the persons from whom the State expects to realise its land revenue, we now pass to an account of the manner in which that revenue is determined, in other words of the way in which the State share of the cultivators' grain heap is calculated. This process is known as the "settlement" of land revenue and is carried out at varying intervals, as will be explained later, by a "Settlement Officer". The first essential to a settlement in India, as elsewhere, is an accurate survey of the area subject to payment of revenue.

In the greater part of Bengal and Bihar and Orissa, the eastern districts of the United Provinces, and parts of Madras and Assam, where the revenue has been settled permanently—in Bengal and Bihar and Orissa in 1793 in the other provinces somewhat later—the settlement was based on the preceding temporary settlements, detailed enquiries regarding outturns and rates of rent being expressly forbidden. Consequently, until quite recently, the greater part of this area remained without a detailed survey and record, but the fiscal and administrative inconveniences which resulted have rendered it necessary to bring it into line with the temporarily settled areas and the whole or it will, in the course of the next few years, possess proper cadastral survey maps and records. Outside the permanently settled areas the settlement is based on a field-by-field survey. The cadastral map is in some cases prepared by the scientific staff of the Survey Department, but in other cases that staff only furnishes skeleton data and the rest of the work is completed by the local revenue staff. A separate map is prepared for each village and in this map are shewn the separate fields which make up the holdings, the ultimate unit of assessment. In the *ryotwari* provinces of Bombay and Madras holdings run much smaller than in most of the *zamindari* provinces and are often only a fraction, known as a "sub-division" of a field. In those provinces the boundaries of sub-divisions as well as of fields are demarcated on the ground. The survey in Madras is carried out in greater detail than elsewhere. In addition to the village map each field is separately mapped and the subdivisions, if any, are shown on the map. The maps in which all measurements are given and the position of the boundary stones indicated are bound up together to form an atlas known as the "field measurement book". Upon the basis of the cadastral map in all provinces is prepared a ledger of holdings, the primary object of which is to show from whom the assessment of each holding or field or subdivision is to be realised

and the amount to be realised in each case. Except in Madras, this record is not, however, merely, a fiscal record, but either in itself or in conjunction with other records forms a "record of rights," that is, it shows to a greater or less extent all rights in the land including incumbrances on it and tenants' rights in it. It has a presumptive force in courts of law, being held to be correct until the contrary is proved. As a general rule persons interested are required under legal penalties to report all changes for insertion in it. In most provinces it is corrected annually or at short intervals.

### § 2. METHODS OF SETTLEMENT ADOPTED IN THE DIFFERENT PROVINCES.

Under native rule, the assessment was usually represented as a fraction of the gross produce. At the present time, except, of course, in the permanently settled tracts and in Bombay, where the assessment is not defined in terms of the produce at all, the revenue throughout British India is fixed on the basis of a share not of the gross but of the "net produce" or "net assets," as it is termed in the *zamindari* Provinces. The exact meaning of the term "net produce" or "net assets" will be brought out in the description which follows of the methods adopted in the different provinces for determining the assessment to be imposed.

#### (a) *United Provinces.*

It is necessary to describe very briefly the system which was formerly in force in the United Provinces in order to give a clearer idea of that which is now followed. At the second regular settlement after the province came under British rule, the assessment was based on the average rental assets. But little reliance could be placed on the rents as recorded by the village accountants and the assets had, therefore, to be calculated on the basis of the rates of rent which the Settlement Officer found were being paid in the locality. The area to be settled was divided up into circles, the soils in the circle were classified and standard rates of rent were fixed for each class. Up to 1868, the soil of each field was classified separately, but in that year the work of soil classification was very greatly reduced by the system of demarcating blocks on the village map. It is important to notice that, under this system, the estimated rental on which the assessment was based might be higher than the amount which was actually paid in a given village, but it represented the rent which the Settlement Officer believed from his inspection of the village could be paid. In 1872, it was thought that the records of the village accountants had so improved in accuracy that they could be used as a basis for assessment. Steps were accordingly taken to ensure the more careful preparation and check of the rent papers, and revised settlement rules were issued in 1884 and 1886. The change effected by these rules is that whilst formerly the important factor in assessment was

the circle rates as ascertained by enquiry and selection, the system now in force takes the actual rents recorded by the village accountants as the basis of assessment and only uses the circle rates as a check to enable it to be decided whether the recorded rents are sufficiently genuine and stable to be accepted as the basis of valuation. If they are not, the valuation of the land is made according to the accepted rent rates or by some other system, the use of which has to be justified. No prospective increase of rents is now considered in calculating the assets. The proportion of rental assets which was taken at the second regular settlement was fixed at 50 per cent., or one-half, and this proportion has not been altered since.

(b) *The Punjab.*

In the Punjab it is assumed, as in the United Provinces, that the normal competition rents paid on rented lands are a fair index to the net assets of proprietors generally. But in the Punjab, unlike the United Provinces, rents paid in cash are not at all widely prevalent and it is, therefore, seldom that they afford an accurate guide to the net assets, which have in consequence to be determined in some other way. The area to be assessed is accordingly divided into circles and the cultivation in each circle is classified, either according to the soil or the method of irrigation or both. The area of crops grown in each class is ascertained, an average rate of outturn is estimated and the value of the result is worked out by applying certain accepted average prices. The figure thus arrived at represents the value of the gross outturn. To this, after deducting certain items, such as fodder crops, payments to village menials, etc., is applied a percentage representing the average rate of grain rent recorded and the result is usually accepted as approximately the value of the net assets, though it may be modified by a comparison with an estimate of what the rental assets would be if the cash rents actually recorded were uniformly paid over the whole of the tract. It is obvious that the method followed in the Punjab cannot give as trustworthy an approximation to the real net assets as that adopted in the United Provinces. Although, therefore, the standard of assessment is represented, as in the United Provinces, by one-half the net assets, this standard has not, in the Punjab, been looked upon as deciding the average assessment but as fixing a maximum which should not be exceeded. In settlements recently sanctioned the percentage of the half net assets taken has, in some cases, fallen below 50.

(c) *Central Provinces.*

In the Central Provinces, whilst the actual cash rents are taken as the net assets, a complication arises from the fact that in that province, rents as well as land revenue are fixed by Settlement Officers at settlement, which therefore resolves itself into the fixation of suitable cash rentals. The method adopted to accomplish this object is as follows. In every district a number of soils of different quality and varying productiveness, 10, 12 or more in



number, are distinguished. In addition to these, the position of each field is taken into consideration so far as this affects its productive capacity. In order to arrive at a correct valuation of the land a system has been devised by which each different soil is represented by a proportionate numerical factor of value and this factor is diminished or increased in a fixed ratio for each different position in which a field may lie. The numerical factor is considered to be the equivalent of the same number of soil units, and from this circumstance the system of assessment in the Central Provinces is known as the "soil unit system." The proportion by which rentals generally can be enhanced on the ground of rise in prices, improvements in communications and increased cultivation is first determined. The average rent paid by one soil unit is obtained by dividing the total number of soil units in the village into the rental of the village. The rental which one soil unit would pay according to the percentage of enhancement determined is then calculated, the result being known as the "unit rate." The rent for each field or holding is deduced by multiplying this figure by the number of soil units contained in the field or holding. This process ensures the special circumstances of each village being taken into consideration. When the deduced rent has been calculated, it is compared with the existing rents and, if necessary, a lower rate is fixed. The rental value of the home farm of the proprietors of the village is calculated in the same manner and the income they derive from forest grass, trees or other forest produce is included at a low valuation. The total constitutes the "assets." The Settlement Officer then proceeds to determine the share of the assets which shall be taken by the State. This has hitherto been somewhat in excess of 50 per cent but is gradually approximating to that percentage. In the *ryotwari* provinces, where, as already pointed out, the State deals directly with individual cultivators and there are, in the great majority of cases, no rents on the basis of which the share of the State could be calculated, instead of a proportion of the "net assets," a proportion of the net produce is adopted, except in Bombay which has a system entirely its own, based on general considerations.

(d) *Bombay.*

In Bombay fields are classified according to the depth and quality of the soil, their situation and natural defects such as liability to inundation and the like. On the basis of this valuation they are placed in a class corresponding to a certain *anna* (1) valuation or fractional share of the maximum rate calculated in terms of sixteen. Villages are grouped into blocks with reference to their nearness to markets and to means of communication and other economic conditions. The maximum rates for the blocks are then fixed with reference to these conditions and to average prices. Under this system, a field bearing a twelve *anna* valuation if situated in a vil-

(1) One *anna* =  $\frac{1}{16}$  rupee. At the present rate of exchange of fifteen rupees to the sovereign, an *anna* is therefore exactly an English penny.

lage with a maximum rate of Rs. 4 (5s. 4d.) would be assessed at Rs. 3 (4s.) per acre.

(c) *Madras.*

In Madras, where in 1855 one-half the net produce took the place of 30 per cent of the gross produce as the maximum allowed to be taken by the State, Settlement Officers carefully examine the economic history of the tract under settlement, its resources, climate and soil. Soils are divided into series, the most important of which are "black" and "red ferruginous," and these again are divided into classes according to their chief constituents, clay, loam or sand. There is a further sub-division into sorts, usually five to each class according to quality. Again, there is a main division into "wet", that is, irrigated, and "dry" lands, but lands irrigated from purely private sources, e.g. wells, are classed and assessed as dry. Certain representative food staples are then selected and the average outturn is ascertained by numerous crop experiments on the different soils. Experience now enables crop experiments to be dispensed with. The outturns are then valued at a commutation rate rather — often much — below the average of the prices of the previous twenty non-famine years and from this valuation a deduction of about 15 per cent is made for the difference between market and village prices and a further deduction, usually 20 to 25 per cent., for vicissitudes of season and unprofitable areas. From the results so obtained a still further liberal deduction is made for cultivation expenses, which are estimated according to soil. The balance represents the value of the net produce, of which a nominal half forms the assessment. The rates thus obtained, rounded off to the nearest *anna*, are then applied to the respective soils. Further allowances are made under the system of grouping villages according to their position with reference to communications, markets, etc., and of classifying irrigation sources according to their capacity. When second crops on wet land are irrigated by Government water, the charge levied is generally half that for the first wet crop, but for second unirrigated crops, whether on wet or dry land there is no charge.

(f) *Burma.*

In Burma, the system followed is much the same as in Madras but the methods adopted are somewhat simpler. In Burma as in Madras, 50 per cent of the net produce is looked upon as the theoretical maximum, but in practice the actual rates imposed represent much less than this. In Lower Burma for the present the provisional rates are fixed with reference to the rates previously existing and for this reason approximate more closely to the quarter of the net produce than to one half. At present, therefore, the quarter of the net produce may be regarded as the provisional standard for Lower Burma. To arrive at the rates, land is classified according to fertility, the approximate productiveness of each class being ascertained

by crop measurements and the money value of the gross produce is arrived at after consideration of average prices extending over a considerable period of years. From this is deducted the cost of cultivation, computed on a liberal scale and the rates are based on the net remainder.

(g) *Assam.*

In Assam until recently the settlement was of a distinctly rough and ready nature. The village was the unit of assessment and land was divided into three classes — homestead, transplanted rice land and other land. More modern principles have now been introduced and the soil unit system has been borrowed from the Central Provinces.

§ 4. ADDITIONS TO AND DEDUCTIONS FROM THE REVENUE DEMAND.

The additions to and deductions from the land revenue made by the State have now to be described. In the period anterior to British rule, it was a favourite device, whilst leaving the land revenue nominally at a fixed proportion of the produce, to raise it very considerably by the addition of cesses. The only cess that is now levied is the local rate, the proceeds of which are devoted to such local objects as roads and schools, dispensaries and sanitation, and are administered by local Boards. In the *zamindari* provinces, with the exception of the Central Provinces, this local rate is assessed on the rental, in Bengal at  $6\frac{1}{4}$  per cent., in the Punjab at 5.2 per cent., in Agra at 5 per cent. and in Oudh at  $5\frac{1}{2}$  per cent., but in the two last-mentioned provinces part of the proceeds is devoted to the maintenance of the village watch. In the Central Provinces and in the *ryotwari* provinces, the cess is fixed at a proportion of the revenue. In the Central Provinces, the rate is  $5\frac{1}{2}$  per cent., in Lower Burma 10 per cent., in Assam 8.3 per cent. and in Madras and Bombay  $6\frac{1}{4}$  per cent.

(a) *Deductions for land held revenue free or on favourable terms.*

As regards deductions, the first point to be noticed is that a very large extent of land in India is held either entirely free of revenue or at a revenue which is considerably below that which would ordinarily be levied. Such lands may roughly be divided in two classes, those which are the survival of grants made by former Governments to court favourites, for religious and charitable purposes, or as rewards for public, military and other services and those held by village officers, the headman and accountant, and village servants such as the carpenters, blacksmiths, barbers, etc., as part of their emoluments. The grant of land either revenue-free or at a reduced revenue was a method of rewarding services very frequently adopted by rulers in pre-British times and grants so made, if held on anything approaching a valid title, were respected and continued by the

British. To grants made for religious and charitable purposes conditions were frequently attached, such as the maintenance of a temple, rest-house for travellers, grove of trees or well. In these cases the grant is liable to be resumed if the services for which it was granted are not kept up and the same conditions attached to the grants held by village servants. The remaining grants of the first class which may be considered personal in their nature and the grants held by village officers who are now paid out of the public exchequer have in many cases been enfranchised, that is, freed from the conditions on which they were originally granted or continued (such as, for example, in the case of personal grants the condition that the holder must be a lineal descendant of the original grantee) and made over to the holder in full property subject to the payment of quit-rent which is, in fact, a permanent light assessment.

(b) *Deductions to prevent sudden large enhancements.*

Turning to the deductions which are not of a permanent nature as in the case of those which have just been considered, the first class to be mentioned are the deductions which are made in order to prevent the hardship caused at a re-settlement by a sudden large enhancement of the revenue imposed. In Bombay the enhancement which can be taken at a re-settlement is definitely limited by law. It cannot exceed 100 per cent for an individual holding, 66 per cent for a village and 33 per cent for the tract under settlement. In all provinces, rules have been laid down for making enhancements progressive over a series of years. Thus in Madras, the enhancement which may be imposed at once is limited to 25 per cent., the balance being imposed by annual instalments, not exceeding  $12\frac{1}{2}$  per cent. on the original assessment.

(c) *Deductions to favour improvements.*

The second class of deductions of a temporary nature are those the object of which is to favour improvements, such as the construction of wells, irrigable channels or tanks (artificial reservoirs) carried out by a landholder at this own expense. In Madras and Bombay, all such improvements, whether effected by the cultivators entirely from his resources or with the assistance of a loan taken from the State are exempted in perpetuity from assessment. In the *zamindari* provinces the State has not, however, similarly surrendered all share in improvements. The principle followed is that additional assessment should not be imposed until the private labour or capital expended upon them has had time to reap a remunerative return. In the Punjab, Bengal and Bihar and Orissa, the term of exemption has been fixed without reference to the term of settlement at 20 years for masonry wells, five years for canal distributaries and 10 years for other irrigation works. In the United Provinces and in the Central Provinces, irrigation works not constructed by Government are exempted for the term next following their construction. As the term of

the settlement in the former provinces is 30 years and in the latter 20 years, this means that the average period of exemption in the one case is 45 years and in the other 30 years. The rules of all these provinces provide for the grant of longer terms of exemption in special cases.

(d) *Deductions on account of bad seasons.*

The last class of deductions to be mentioned are not connected with the settlement procedure, but it is convenient to deal with them here. They are those which are made on account of bad seasons. The description of the way in which the State's share of the produce is fixed will have shown that in theory it is presumed that sufficient account is taken of bad seasons in fixing the assessment and that the revenue in a bad year should be met from the surplus left in good years. But partly owing to the improvident nature of the Indian cultivator and partly to the fact that serious calamities have a habit of upsetting all calculations, this theory has never worked in practice and throughout the period of British rule large remissions have been granted during famines and other calamities. The principles which should be followed in granting suspensions or remissions of revenue were clearly defined in a resolution issued by the Government of India in 1905, with a view to making the system more elastic than had hitherto been the case. Widespread calamities such as famine, drought and general failure of crops and local calamities such as are occasioned by hail, floods or locusts are dealt with somewhat differently, but the general principle which is followed in both cases is that no relief is given for a failure of less than half the normal crop. When the crop is between three-eighths and half the normal the relief given amounts to 25 per cent., increasing to 50 per cent for a crop between a quarter and three-eighths the normal and to one hundred per cent. when the crop is less than a quarter the normal. Suspensions and remissions are not granted in the cases of the permanently settled tracts as their revenue is light, nor are they necessary in the case of the exceptional tracts in the Punjab and Upper Burma, in which either because they are subject to floods or else are practically rainless, the system of a fixed assessment in force everywhere else has been abandoned as unsuitable and a fluctuating assessment system has been substituted for it. Under this system the land is assessed by a cash acreage rate on the crops of each harvest so that the revenue varies with the area actually cropped.

§ 5. MISCELLANEOUS QUESTIONS RELATING TO LAND REVENUE.

(a) *Period of settlement.*

After this brief discussion of the principles on which the Government share of the produce is fixed, the next point which naturally arises is the period for which it is fixed. In the more advanced provinces, Madras, Bombay and the United Provinces, the period for which it is announced at a

settlement or a re-settlement that the rates of revenue then fixed will not be altered, is thirty years. In the Central Provinces, Burma and the Punjab, the standard period is twenty years except in the Cis-Sutlej districts of the latter province, where the thirty years' term is adopted. In Assam even shorter terms are permitted but the period accepted for recent settlements has been twenty years. The reason for this differentiation between the different provinces can best be given in the words of a Resolution of the Government of India, issued in 1902. "Where the land is fully cultivated, rents fair, and agricultural production not liable to violent oscillations, it is sufficient if the demands of Government are re-adjusted once in thirty years, that is, once in the life time of each generation. Where the opposite conditions prevail, where there are much waste lands, low rents and fluctuating cultivation, or again where there is a rapid development of resources owing to the construction of roads, railways or canals, to an increase of population, or to a rise in prices, the postponement of re-settlement for so long a period is both injurious to the people, who are unequal to the strain of a sharp enhancement, and unjust to the general tax-payer, who is temporarily deprived of the additional revenue, to which he has a legitimate claim." In this connexion, it must be pointed out that a revision of assessment does not now mean a fresh survey of the land, a fresh classification of soils or a fresh record of rights. In the *zamindari* provinces, maps and records are now as a general rule, so accurately kept up to date that but little is required to enable them to be used as the basis for a re-settlement. In the *ryotwari* provinces, the existing classification of soils is not altered at a re-settlement unless it is clear that a bad mistake has been made. Indeed in Bombay, it has been expressly laid down by law, that a classification of soil made for the second time or once approved as final is incapable of revision.

(b) *Powers of recovery of land revenue.*

All the questions relating to the amount of the revenue paid to the State and the most important incidence of the tenure of land relative to the State, have now been briefly discussed. The State has reserved to itself very extensive powers of recovering that revenue. The law on the subject in Bengal and Bihar and Orissa is peculiarly strict. In these provinces, in the case both of permanently and temporarily settled estates, an estate is liable to be put up to summary auction if the revenue on it is not paid by sunset on the date on which it falls due. In other provinces the procedure is less summary. As a general rule, the defaulter is presented with a writ of demand. If he fails to comply with this, his movable property is first proceeded against, then the immovable property on which the default has been made, then any other immovable property he may possess. It is also possible to arrest and confine the person of a wilful and stubborn defaulter. In the vast majority of cases the service of a writ on the man or a threat of attachment is sufficient and sales of land for arrears of revenue are becoming less and less frequent.

(c) *Restrictions on alienation, transfer, etc.*

Until comparatively recent times it was the case that a land holder under British rule was permitted to do what he liked with his land, that is to say, he had the fullest powers as regards sale, mortgage or gift, provided always that he paid the revenue on it. In the *ryotwari* provinces he has not only these powers but he is also able to relinquish his holding or any part of it within certain limits, if he finds its cultivation unprofitable, after giving notice sufficiently long before the close of the agricultural year. It was, however, found in many provinces that the unrestricted exercise of the right of transfer was gradually bringing about the disintegration of the larger estates and the transfer of both large and small estates from the agricultural to the non-agricultural classes, a state of affairs which the Government could not view with equanimity. Steps have been taken to preserve large estates with historic traditions by means of legislation preventing their partition, permitting temporary management to be assumed by Government and enforcing transmission by primogeniture. The Sind and Jhansi Encumbered Estates Act, the Gujarat Talukdars Act and the Madras Impartible Estates Act are examples of legislation of this kind. Much the most important measure passed with a view to protect the smaller landholders is the Punjab Land Alienation Act of 1900, under the provisions of which Government has notified certain tribes as agricultural tribes. A member of an agricultural tribe may not, without permission, sell or otherwise permanently alienate his land to any one who is not a member of the same agricultural tribe or group of tribes. For the present all the agricultural tribes of a village are counted as being in one group. Similarly a member of an agricultural tribe may not mortgage land to any one who is not a member of the same tribe or group of tribes unless the mortgage is in certain specified forms which fix a limit to the period of usufructuary possession or else ensures the retention of the cultivating possession by the mortgagor. Legislation of a similar character is in force in the Bundelkhand district of the United Provinces and in Ajmere. In the Central Provinces, no landholder can alienate his land without retaining the occupancy right in his home farm unless a transfer without reservation has previously been sanctioned by Government. In Bombay since 1901 the practice has been to grant unoccupied unalienated land and land which has been forfeited for non-payment of arrears of revenue free of all incumbrances to an occupant on condition that it shall not be mortgaged or otherwise alienated. Failure to observe this condition involves the forfeiture of the holding.

(d) *Charge levied for irrigation.*

A word should here be said regarding the charge levied for irrigation when water is taken from a Government source. In the *ryotwari* provinces this charge forms part of the assessment. Under the great irrigation systems of North India it is levied separately and is known as the "occupiers'

rate." It is fixed at a seasonal rate of so much per acre irrigated, the rate varying according to the crop and as the water flows on to the land or has to be raised to it by the cultivators. The charge when water has to be lifted to the land is usually one half that levied when it flows directly on to it. In addition, an "owners' rate" is levied in some tracts. This is a rate payable by the owner on land which was assessed at the current settlement as unirrigable and has subsequently been brought under irrigation. It is thus, in effect, an assessment on the improvement in the rent which has been brought about at the cost of the State.

*(To be continued).*



## MEXICO.

### THE FEDERAL LAND TAX AND THE DISTRIBUTION OF RURAL LANDED PROPERTY.

#### SOURCES: — OFFICIAL PUBLICATIONS:

DECRETO EXCEPTUANDO DEL PAGO DEL 30 % ADICIONAL DE TIMBRE LOS ENTEROS QUE RECAUDEN LOS ESTADOS DE LA UNIÓN O SUS MUNICIPIOS A TÍTULO DE VARIOS IMPUESTOS Y ESTABLECIENDO UN "IMPUESTO PREDIAL FEDERAL DEL TIMBRE", SOBRE TODA FINCA RÚSTICA DE LA REPÚBLICA CON EXCEPCIÓN DEL DISTRITO FEDERAL Y TERRITORIOS (*Decree Exempting from Payment of the Additional 30 % Stamp Duty the Amounts Recovered by the States of the Union or their Municipalities in Various Taxes and Establishing a "Federal Stamp Duty for the Land Tax" on all Landed Property in the Republic, Exclusive of the Federal District and the National Territories*). Mexico. June 1st., 1914. Published in the *Diario Oficial de los Estados Unidos Mexicanos*, No. 41. June 17th., 1914.

REGLAMENTO PARA EL COBRO DEL IMPUESTO PREDIAL FEDERAL SOBRE TODA FINCA RÚSTICA DE PROPIEDAD PARTICULAR UBICADA EN LOS ESTADOS DE LA UNIÓN (*Regulations for the Collection of the Federal Land Tax on all Rural Landed Property belonging to Private Persons Situated in the States of the Union*). Mexico, June 15th., 1914. Published in the *Diario Oficial*, No. 49. June 26th., 1914.

DECRETO APLAZANDO PARA EL 1º DE ENERO DE 1915, LOS EFECTOS DE LA LEY DE 1º DE JUNIO DE 1914, QUE CREÓ EL "IMPUESTO PREDIAL FEDERAL" (*Decree Establishing the 1st. of January 1915 as the Date for the Coming into Operation of the Law of June 1st., 1914, Establishing the Federal Land Tax*). Mexico, July 8th., 1914. Published in the *Diario Oficial*, No. 7. July 6th., 1914.

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VIADAS (Lauro): El Problema de la pequeña propiedad (*The Problem of Small Holdings*). Mexico, Printing Press and Phototype Office of the Fomento Department, 1911.

EL ECONOMISTA MEXICANO (*The Mexican Economist*).

EL HERALDO AGRÍCOLA (*The Agricultural Herald*).

We have already once before occupied ourselves with the Mexican land question in its various phases, at the same time analysing its causes and effects (1). We shall not, therefore, return to what has been already said, and shall only repeat that the fundamental cause of the agrarian disturbances in Mexico is undoubtedly the unsatisfactory way in which the land is distributed, through its concentration in the hands of a small number of persons and its imperfect utilisation.

(1) See the numbers of this Bulletin for May and June, 1914.

This has, indeed, been understood by the first Minister of Agriculture of Mexico, who, when the Department of Agriculture and Colonisation was created last February, made the first item of his programme the solution of what has been called the land problem, that is the national economic problem of the distribution of land and the best method of working it. The Minister said that, although recently there has been observed a general spontaneous tendency among the land holders themselves to divide and subdivide their rural holdings, this must be further encouraged by the State. One of the means that might promote this end was, in his opinion, a better system of levying the land tax, the existing method being very faulty, because based exclusively on the declaration of the value of the holdings made by the owners, and he proposed that the tax should be levied on the real produce of the soil, taking into consideration the area and the fertility of the land in each case.

In accordance with this view, the *Federal Stamp Tax on Land* was instituted by law of June, 1914.

The Mexican constitution does not allow the Federation to legislate in regard to taxation of land, which is a matter for the several States to deal with. So the local taxes were increased so much per cent. Thus, the new tax is substituted for the additional 30 % stamp duty on amounts collected by the States of the Union or the Municipalities as land tax on rural holdings, irrigation and the concession of water rights within the jurisdiction of the federal or local authorities, or as additional taxes increasing the rural land tax.

The Federal Stamp Tax on land is to be paid on all land of private ownership within the territory of the Republic, exclusive of the Federal District and the National Territories; it will be collected by means of lists published annually by the Department of Agriculture and Colonisation in agreement with that of Finance and Public Credit.

For the purposes of the law, by rural holdings shall be understood all holdings situated outside the boundaries of inhabited centres; there will be exemption for areas occupied by buildings. However, all land utilised for agricultural purposes shall be considered as rural land irrespective of where it is situated. Rural holdings are classified as follows for the purposes of the land tax:

- (a) First Class Irrigated Land ;
- (b) Second Class Irrigated Land ;
- (c) Third Class Irrigated Land ;
- (d) First Class Land, Half Irrigated ;
- (e) Second Class Land, Half Irrigated ;
- (f) Land that can be Flooded ;
- (g) First Classe *Temporal* Land (Depending for water on the rains) ;
- (h) Second Class *Temporal* Land (Depending for water on the rains);
- (i) First Class Pasture Land ;
- (j) Second Class Pasture Land ;
- (k) First Class Wooded and Forest Land ;
- (l) Second Class Wooded and Forest Land ;

- (m) Land Unsited for Agriculture and Summer Grazing;
- (n) Land Planted with *Maguëys*, grown for their fibre from which alcohol or *pulque* is made;
- (o) Land Covered Totally or Partially with *Guayule*;
- (p) Land Covered Totally or Partially with Other Forest Plants of Well-Known Commercial Value in Utilisable Quantities.

For the purposes of the law, irrigated land is such as is supplied with permanent water sufficient for the purposes of the farm. The holdings capable of being flooded are those which, although neither completely or half irrigated, are in such a position that they can be inundated or already have been flooded and derive benefit thereby. The *temporal* land is such the cultivation of which depends on the rainfall. The summer grazing grounds are uncultivated areas producing only grass or other plants on which cattle can feed. The other classes of holdings mentioned above require no explanation.

The commissions for verification (*juntas calificadoras*) instituted by the law, of which we shall speak hereafter when dealing with the *manifestaciones* or declarations the landowners must make, will classify the holdings, woods, forests, etc., taking into consideration their fertility, the water supply, the crops grown on them, the quality of the grazing ground, the commercial value of the forest trees, the distance from centres of consumption, the means of communication and the facilities offered for transport etc.

The following holdings are exempted from payment of the land tax:

- (1) All holdings considered as *small holdings*;
- (2) National land and waste land (*baldíos*), land belonging to the Federation or to the States and Municipalities as their own property;
- (3) Land belonging to the States, and not subject to taxation, whether because expressly exempted or because the State levies no tax on land;
- (4) Holdings considered as small holdings, leased by their owners or farmed as *metairies*, provided the lessee or metayer is not proprietor, lessee, metayer, or usufructuary of an other holding;
- (5) Land granted by the proprietors, lessees or metayers to their labourers free of charge, provided the area does not exceed the standard fixed for small holdings;
- (6) Woods and forests of private ownership, the preservation of which is indispensable in the opinion of the Department of Agriculture and Colonisation on grounds of public utility, provided that, the proprietors exploiting them expressly engage to conform to the rules laid down by the said Department in respect to their exploitation and preservation.

Woods and forests cannot benefit by the exemption in favour of small holdings, whatever their area or the class to which they belong, except under the conditions mentioned.

The exemption above contemplated in favour of small holdings once established, it was necessary to assign a precise meaning to the term, or at least to establish, for purposes of the tax, the area of the holdings to be counted as "small holdings". This was above all necessary in a country like

Mexico, where, in consequence of the varying conditions and circumstances in the different States, it was not possible to establish a uniform proportion of contribution for the whole territory, as, in fact, a *small* holding in the State of Chihuahua, for example, would be a *large* holding in that of Tlaxcala. Besides this, account had also to be taken of the different kinds of soil for each holding. Thus, in view of the agricultural and economic conditions of each region, the law we are dealing with has established the following table of areas of small holdings of different classes of soil.

*Area of Holdings to be considered as Small Holdings in each State of the Union according to the character of the Holding.*

States	Area in Hectares			
	Irrigated Land	Land Half Irrigated and that can be Flooded	Land Depending for Water on the Rains	Pasture Land
Aguascalientes . . . . .	4	8	16	32
Campeche . . . . .	6	12	24	48
Coahuila . . . . .	8	16	32	64
Colima . . . . .	4	8	16	32
Chiapas . . . . .	6	12	24	48
Chihuahua . . . . .	8	16	32	64
Durango . . . . .	6	12	24	48
Guanajuato . . . . .	4	8	16	32
Guerrero . . . . .	8	16	32	64
Hidalgo . . . . .	4	8	16	32
Jalisco . . . . .	4	8	16	32
México . . . . .	4	8	16	32
Morelos . . . . .	4	8	16	32
Michoacán . . . . .	4	8	16	32
Nuevo León . . . . .	8	16	32	64
Oaxaca . . . . .	6	12	24	48
Puebla . . . . .	4	8	16	32
Querétaro . . . . .	6	12	24	48
San Luis Potosí . . . . .	4	8	16	32
Sinaloa . . . . .	6	12	24	48
Sonora . . . . .	4	8	16	32
Tabasco . . . . .	6	12	24	48
Tamaulipas . . . . .	8	16	32	64
Tlaxcala . . . . .	4	8	16	32
Veracruz . . . . .	4	8	16	32
Yucatán . . . . .	8	16	32	64
Zacatecas . . . . .	6	12	24	48

In case a holding consists of land belonging to two or more of the above classes, one hectare of irrigated land is taken as equivalent to two hectares of land half irrigated or that can be flooded, to four hectares of land depending for water on rains and eight hectares of pasture land.

The exemption of the small holding from the land tax ceases if the landowner benefiting thereby is also proprietor, lessee, metayer or holder of other landed estate by a similar title.

The law terminates the list of exemptions from the land tax, by authorizing the Department of Agriculture and Colonisation to exempt colonists from payment of this tax when it stipulates colonisation contracts with them: but this exemption only takes effect from the date on which the holdings are actually colonised.

For the application of the law, in the chief town of each district, canton, division or commune, a *Verification Commission* is to be instituted, consisting of five landowners resident in the locality, elected by the other rural landowners of the locality, a member of the municipal council appointed by that body and the stamp tax officer of the locality. These commissions must investigate the truth of the statements presented by the landholders of their district to the Stamp Office, consider to what class the holdings belong, according to the information furnished by the owner and their own personal knowledge or information received from the local tax officer of the State, and determine which holdings are to be exempted from payment of the federal land tax.

The services of the members of the Commission shall not be remunerated: the members shall be elected for a year.

In their declarations the landowners must give: (a) the name of the holding; (b) the name of the owner; (c) the area of the holding, with very clear indication of the irrigated area, the quantity of water, the area of the land half irrigated, the area depending on rain for water, etc., the area covered by *maguey*, *guayule*, forest plants of commercial value, etc.; (d) the value of the livestock on the holding; (e) the kind of crops cultivated and the approximate distance from the nearest lines of communication and transport, and the nearest centres of consumption; (f) the value of the buildings on the holding. The Stamp Office will open a special register for these declarations.

If the Verification Commission finds a declaration inaccurate, the Stamp Tax Officer will provisionally fix the tax according to the opinion of the Commission or at his own discretion. If the proprietor accepts the charge so established, it remains definitely fixed; otherwise he must make his objections within ten days from the date of notification, at the same time presenting a certificate at the Department of Finance, in witness of his having deposited the amount of his annual contribution, together with everything else, the plans, and title deeds, he shall consider sufficient to prove the accuracy of his declaration. On his side, the Stamp Officer, shall immediately report to the Department, forwarding copy of the declaration presented by the landowner, together with the evidence on which the Commission of Verification based its decision. Finally, the Department of Finance, after examination of the documents presented by the Stamp Officer and the landholder, shall decide, amending or confirming the tax established by the Commission, and fixing from henceforth the annual

rate of contribution to be paid on the holding for the financial year in course.

When undertaking this examination, the Department of Finance, if it thinks fit, may appoint an expert to examine into the accuracy of the statements; in such case, the landholder has also the right, on his side, to appoint another expert. The remuneration of the expert appointed by the landholder shall in any case be at the expense of the latter.

The Verification Commission and the Finance Department shall take no account of errors up to the amount of 15 % in the statement of the real value for the purposes of the annual land tax; but, if the difference discovered is more serious, they shall impose on the landowner a fine equivalent to three times the amount of the annual tax due, without prejudice to any legal penalties incurred by him. Further, in this case, the expenses of the expert appointed by the Department shall be borne by the landlord.

Every change that is made in the ownership of a holding must be declared for registration in the special register the Stamp Office will open.

Finally the law establishes that the General Stamp Office shall each year prepare a statistical table of the receipts obtained by means of the land tax.

This law was to have come into force on the first of July of the present year; but, seeing that for its execution certain preparatory work was indispensable, and taking account of the abnormal situation in certain regions of the country which made it impossible to prepare the lists for purposes of taxation as required by the law and even to arrive at an accurate assessment, the Government has postponed the date for its coming into effect to January 1st., 1915.

It is evident from the provisions we have mentioned that the Mexican Government in establishing the federal land tax, did not consider the gain the Treasury would derive from it, but intended indirectly to obtain two ends, which have been for some time the object of its land policy: (1) a better distribution of the land, to be attained by encouraging the subdivision of the immense *latifundia* into small holdings and promoting the colonisation of the country districts; and (2) the increase of the national production and the better utilisation of the land.

In fact, the interests of the landholders will not suffer, as this is no new tax, but only what they are now paying already, an additional 30 % added to the local tax; the only change is in the distribution of the tax after a more equitable manner and only those, who have received concessions which cannot justly be allowed, will suffer.

When we dealt with the land problem in Mexico (1), we said that of the 1,600,000 sq. kms., constituting the area capable of cultivation in the Republic, at present scarcely a fourth part is cultivated, and the cause of this is the notorious concentration of land in the hands of a small number of landholders. The *latifundia* belong in large part to distinguished families who have not the capital to work them, or to private persons or societies

(1) See the numbers of this Bulletin referred to above.

who have bought them on the *denuncia* system and who do not intend to work them, but to speculate in land; for these reasons, in both cases the land remains uncultivated. Now, when the tax is levied on the holdings in proportion to their power of production, persons will scarcely be found who consider it to their interest to hold land which, not only produces nothing, but, on the contrary, is subject to a fixed tax. So that, the Government hopes that the proprietors will subdivide their holdings in order to sell them and thus favour the formation of small holdings, or will lease them or give them to metayers to work, or to other farmers free of charge, and so encourage colonisation. The new distribution of land brought about by the subdivision of *latifundia* will also make it possible to work the rural territories, which will thus no longer remain uncultivated

— We said above that the second object of the law was the increase of the production and the proper utilisation of the land. In fact, the fertility of the soil, the cheapness of labour, and the high price of agricultural produce now enable proprietors who cultivate their own holdings to obtain large profits both by extensive cultivation and by livestock improvement. But, when the tax is imposed on land in accordance with its capacity for production, estimated from the quality of the land, the facilities for irrigation etc., the landowners will have to make up their minds to change their system of farming altogether or in part, for better and more scientific methods, if they wish to derive a profit from their holdings. In this way, also there will be an increase of production through the cultivation of all land the now unutilised.

These are the results the Government hopes to attain by the application of the law we have dealt with above, as well as by means of other provisions it proposes to make. All are contained in its programme, the object of which is to obtain that the largest possible number of individuals may be distributed in the country as units of production, under such conditions as to make their economic prosperity and independence possible and that this may in turn render possible the development of other elements and the utilisation of new sources of production and wealth.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY.

### GENERAL.

L'AGRICOLTURA E LA GUERRA. (*Agriculture and the War*). Special Number of the " *Giornale di Agricoltura della Domenica*. " Piacenza, no. 43. October 25th., 1914. • •

In this special number of the " *Giornale di Agricoltura della Domenica* " (Sunday Agricultural Journal), entirely devoted to the study of some of the more urgent agricultural problems of the belligerent and neutral nations, with the help of statistics, diagrams, a concise statement of facts, together with other information and documents, an investigation is made into the agricultural resources of the nations in conflict, the amount of consumption and the requirements occasioned by the state of war and the possibility of providing for them.

Specially worthy of mention are the articles of Giovanni Raineri on Russia today, in which he gives an outline of the agricultural reform and the efforts made by the Russian Government for the improvement of the land and the economic and moral progress of the peasants, and also the articles of Arrigo Serpieri on the better cultivation of grain, and of Francesco Coletti on the Amount of Grain Required and State Intervention. Finally, there is an interesting section containing observations and opinions of technical experts on the best method of insuring a supply of grain up to the time of the next harvest and an abundant production of grain in 1915.

### VARIOUS COUNTRIES.

WIRTH (Dr. ALBRECHT): *Der Balkan, seine Länder und Völker in Geschichte, Kultur, Politik, Volkswirtschaft und Weltverkehr. (The Balkans; Countries and Nations, considered in relation to their History, Culture, Politics, Economy, and Means of Communication)*. Stuttgart, Berlin and Leipzig. Union Deutsche Verlagsgesellschaft, 1914, 8vo, 392 pages with 79 illustrations and map.

Dr. Wirth's book makes no claim to be a profound scientific treatise. It is a general sketch, conscientiously done, but only professing to deal in a popular and very summary manner with the general conditions of life in the Balkan Peninsula, after the conclusion of the last two wars. If



we deal with it here, it is principally because it is the first complete study that has been published in any of the great European languages of the present conditions of the Balkan States and, as such, it has a certain value as a general guide to the subject.

After two short chapters on the physical geography of the countries with which he deals and the statistics of their population, the author devotes four others entirely to the political history of the peninsula. The most interesting of all is without doubt the third, which treats of the period from the Turkish revolution of 1909 up to the beginning of the present year. This is followed by an attempted study of the ethnography of the various races inhabiting the Balkans. Here, as in the preceding chapter, we have to consider the authors' conclusions as to some extent purely personal. In any case, he makes a sincere effort to be impartial.

He next gives a sketch of each of the States, after which he deals with what is for us the most important matter, that of the general economy of these countries, their agriculture, game, fisheries, industries, commerce, mines and means of communication, the economic interests of foreign States in the Balkans, and lastly, the press and touring in these regions. From our special point of view, we cannot but regret that he has been only able to give the last fifty pages of his book to this large group of subjects.

#### AUSTRIA.

BERICHT ÜBER DIE VERWALTUNG VON BOSNIEN UND DER HERZEGOVINA 1913. Herausgegeben vom K. u. K. gemeinsamen Finanzministerium. Wien, 1914, aus der K. K. Hof. und Staatsdruckerei. (*Report on the Administration of Bosnia and Herzegovina in 1913. Published by the I. and R. Common Department of Finance. Vienna, 1914. I. and R. Court and State Press*). Pp. XXXV + 145.

This is the seventh report published by the Common Austro-Hungarian Department of Finance on the administration of Bosnia and Herzegovina. The other six, even more voluminous than this, dealt with the years 1906-1911; the last, the publication of which has just been authorized, deals with the years 1911, 1912 and 1913. The object of the earlier reports was twofold; they had to serve for the information of the members of the Delegations and also as works of reference for the civil servants in Bosnia and Herzegovina. The present volume is intended solely for the members of the Delegations and this is the reason of its more modest proportions, due to the omission of all that was judged to be of secondary importance. The contents have been grouped in a smaller number of chapters, each of them preceded by a short account of the progress made in the department of administration considered. The volume begins with an introduction (pp. I-XXXV) on the political history of Bosnia and Herzegovina since 1910, special attention being given to the events connected with the

introduction of the Bosnian Constitution and Diet (February 20th., 1910) and the work done by the latter. The chapters into which the volume is subdivided are entitled as follows: general remarks (population, census of livestock, emigration, repatriation); the constitution; independent organizations (diet, district and communal organizations); administration; public worship and education; press, artistic and scientific institutes; justice; public health; agriculture; forests and mines; trades; industry, and commerce; credit; railways and roads; public finances; associations; military strength and police.

As regards agricultural economy properly speaking, all the part relating to agriculture (pages 31-62) and the notices on agricultural co-operation (pp. 82-83) are of great importance. We shall return to the subject in an early number of our Bulletin.

#### DENMARK.

DANSKE HUSHOLDNINGSGREGENSKABER. 3. Afdeeling: Husmøend og Gaardmøend. (*Household Balance Sheets in Denmark. 3rd. Part. Rural Holdings*). Copenhagen. 1914. Published by the Danish Statistical Office, 173 pp.

The present volume contains the third and last part of the enquiry carried out by the Danish Statistical Office in connection with household balance sheets. The two preceding parts were concerned with urban workmen and rural labourers and artisans; this one aims rather at illustrating the economic situation of the farmers, divided for the purposes of the enquiry into *Husmøend* (owners of farms of a value of less than 12,000 crs.) and *Gaardmøend* (owners of farms of a value of more than 12,000 crs.). The balance sheets considered are for the year 1909.

The results given by the enquiry in this connection are very interesting and merit special study: we shall deal with them at length in an early number of this Bulletin, instituting a comparison between them and the results shown in the other two parts of the report of the enquiry.

#### UNITED STATES.

FIRMIN ROZ: *L'Energie américaine* (Evolution des Etats-Unis). Paris. Ernest Flammarion, Editeur. 1914.

Within the limits of a single volume of the *Bibliothèque de Philosophie scientifique* the author of *L'Energie américaine* seeks not only to trace the evolution of the United States, but to interpret it for us as well. He covers

the ground in many directions, dealing not only with the opening up of new lands to settlement and the progress of agriculture, but with the country's industrial development as well, with the evolution of its political theories, with its literature, its art and its ideals.

He does not write primarily with the object of conveying information. The facts with which he deals are recorded in books innumerable, and the writer of *L'Energie américaine* presents them once more only that they may furnish material for an analysis of the forces which have contributed to form the American nation. His book is primarily a psychological study, and only incidentally, a history.

**NORDAMERIKANISCHE FRAGEN.** (*North American Problems*). Veröffentlichungen der Handelshochschule-München. (*Publications of the Munich Higher School of Commerce*), Published by Prof. Dr. M. J. Bonn. 2nd. Number, Munich and Leipzig, 1914. 16mo., pp. LV + 71.

This work reproduces a portion of the lectures of the series, "Germany and her Competitors", delivered in the winter half year 1912-1913, at the Munich Higher School of Commerce. The first number, published in 1913, dealt with the fundamental problems of British economy.

Dr. Parker's article in the number before us on the immigration and colonisation policy of the United States may interest our readers.

The author investigates the subject from the point of view of German industry, but also discusses many matters of agricultural economy, such as, for example, the cheap land movement, which drives many farmers of the United States of American origin to Canada, and which is encouraged by the Canadian Government and the railway societies in possession of land.

#### GREAT BRITAIN AND IRELAND.

**REPORT OF THE IRISH LAND COMMISSIONERS** for the Period from 1st. April, 1913, to 31st. March, 1914. Dublin, 1914, A Thom and Co. Fol. XI + 135 p.

Owing to the rapid transference of the land in Ireland from the landlord to the occupier, the work of the Irish Land Commissioners in the fixing of fair rents is steadily diminishing. Thus from the latest Report we learn that in the year ending March 31st., 1914, only 2,100 fair rents were fixed whereas the total number since 1881 has been 410,150, an average of 12,428 per annum. The term for which rents are fixed being 15 years, a small number (2,944) of rents have now been fixed for a third statutory term and it is interesting to note that the third term rents averaged 9.4 per cent less than the corresponding second term rents. In

view of the admittedly increased prosperity of agriculture in Ireland during recent years the fact that the Commissioners continue to reduce the rents is significant. Probably it is estimated that the decline has been too recently checked for agriculture to have regained the level of even fifteen years ago, and, moreover, the better returns due to the farmers' own efforts (for example, the organisation of co-operative creameries) cannot be taken into account in fixing the rent.

The transactions of the Land Commissioners in regard to land purchase (apart from those of the Estates Commissioners, to which this Report does not relate) have also diminished in importance. They made, however, during the years 1913-14 advances of £ 1,082,927 to the Congested Districts Board for the purchase of estates.

We shall give further figures from this Report in a future issue.

#### ITALY.

ZÜBLIN (DR. ROBERT), Assistant at the R. Institute of Maritime Commerce and Universal Economy, at the University of Kiel: *Die Handelsbeziehungen Italiens vornehmlich zu den Mittelmeerländern, dargestellt auf wirtschaftsgeographischpolitischer Grundlage* (*The Commercial Relations of Italy, especially with the Mediterranean Countries, considered from the point of view of Economy, Geography and Politics*). Jena, Fischer, 1913.

This thick volume belongs to the collection of "*Problems of Universal Economy: Essays of the Institute for Maritime Commerce and Universal Economy, at the University of Kiel*", published by Prof. Dr. B. Harms. The author has lived long in Italy and in the other countries of which he writes, and has collected the material for his essay from original sources.

According to him, the future of Italy lies in the Mediterranean, and it is a salient fact that the revival of prosperity in Italy after its unification was associated with the restoration of the Mediterranean to world wide importance, in consequence of the cutting of the Suez Canal. The dependence of the future of Italy upon the Mediterranean, according to the author, is not so evident in the efforts made to divert the emigration of Italians from America to the shores of Africa and in the military conquest of Libya, as in the progress of the commercial relations of Italy. For the sake of uniformity and a more ready comparison of the figures, in his study of these relations, the author chiefly makes use of Italian statistical material, in spite of the well-known and inevitable disagreements between it and the corresponding material supplied by other countries.

In order to make the origin and development of the foreign trade of Italy generally, and its Mediterranean trade in particular, a great deal more intelligible, the author prefaces the portion of his volume concerned with the subject by a kind of introduction, in which he deals at length with the possibilities of Italian production.

In this part he studies the three agricultural regions of Italy in their various natural conditions, and in regard to their principal crops: grain, grapes, oil, and citrus fruit; devoting special chapters to the cultivation of mulberries and the rearing of silkworms; livestock improvement; reclamation of land; agricultural class war; agricultural co-operative societies, considered in regard to their legal organization and in their various classes (co-operative societies for credit, purchase, production, production and sale, and cultivation); and concluding with the observation that now Italy has really arrived at a point when we may indeed speak of an agriculture on the way to be industrialised, an agriculture for purposes of export, even if the amount of the agricultural produce imported is increasing, but only in order to show that the country is tending to specialise in the classes of cultivation best suited to its soil and climate. The increase in agricultural wages has not proved at all injurious to agriculture; while it has contributed to render emigration temporary instead of permanent, it has also led to a more extensive employment of machinery.

After two chapters on mining industry and sea fisheries, our author goes on to consider the utilisation of raw material and the difficulties in the way of industrial development, owing to the small supply of minerals and coal, the limited amount of capital, the considerable dependence of Italy on foreign countries for its provision of machinery, the limited specialisation of labour, the high railway rates, etc. A special chapter is devoted to the utilisation of water power (*Carbone bianco*); others deal with the more important Italian industries and social legislation. And the writer draws the conclusion that the prevalence of small businesses, the extensive employment of women and children and the limited social supervision do not favour a very large development of industry, though the development is still considerable, when account is taken of the difficulties in its way, and of good promise, in spite of obstacles to it in the considerable exportation of agricultural produce in return for the industrial produce of rival countries, in the high taxes on manufactures etc.

After devoting a long chapter to Italian Maritime Navigation, showing the difficulties the Italian Marine will have in making itself independent of foreign countries, on account of the high price of the material for ship-building, and fuel, and hence of the freights, our author reaches his special subject: the Mediterranean trade of Italy.

The treatment of this special subject is also preceded by two introductory sections: in the first, the Italian commercial policy is discussed; in the second the whole foreign commerce of Italy. The political history of Italian trade is divided into two periods: the first from the foundation of the Kingdom to the tariff revision of 1887; the second from 1887 to our own days. And the author dilates in special chapters on the economic importance of the 1887 tariff, illustrating the more recent changes introduced into it and tracing what seem to him will be the guiding lines of the future commercial policy of Italy; namely the maintenance of protection for agriculture and industry.

The whole foreign commerce of Italy is dealt with by our author, principally on the basis of the statistics; generally; in its development since the foundation of the Kingdom; under existing conditions (that is, at the end of 1910); and in regard to purely agricultural produce and to that serving for industry. The unification of Italy, our author points out, closed a period of economic depression; in commercial politics a period of free trade followed, which was succeeded, owing to reasons of political finance and the effort to found a national industry, by a system of protection under which agriculture, industry and foreign trade developed. Often we hear complaints against the disturbance of the commercial balance, but these are unjust, in our author's opinion, as an attentive examination of the figures of the imports and exports show the progressive intensification of the connection between the economy of Italy and that of other States.

Finally, our author considers the commercial relations of Italy with the Mediterranean countries, namely, with Austria-Hungary, France, Spain, Egypt, Greece, Turkey, Montenegro, Bulgaria and Servia. In respect to the relations with Austria-Hungary, our author relates the history of the commercial treaties and the present mutual relations, further making forecasts based on the conditions of the moment at which he composed his book. In the case of France also he relates the history of the customs relations and of the exchange, not ignoring the relations of Italy with Algeria and Tunis. A no less detailed study is presented of the trade of Italy with the other Mediterranean countries above mentioned.

When he reaches the end of his compendious treatise, Dr. Züblin observes that the competition of the countries of the north and centre of Europe, her own imperfect industrial development and high railway and sea tariffs chiefly urge Italy towards one part of the Mediterranean, the Eastern portion, which was formerly the field of the activity of Venice and Genoa, and has for Italy in comparison with certain other nations the special advantages of its vicinity, to set against the special advantages of industrial superiority.

According to our author, the economic development of Italy is directly and indissolubly connected with the prosperity of her trade on the markets of the East. The modern network of international relations does not permit of her aspiring to the monopoly that the old republics enjoyed, but all the same she may obtain a dominant position. Certainly not even this has as yet been gained but, in the last ten years of her activity, if, on the one hand, there appear regrettable deficiencies and too slow and uncertain advance where much better progress could and ought to have been made, on the other hand favourable opportunities are still open to her, which might lead to good results, when the deficiencies are properly understood and the right road is entered upon without hesitation.

MANCINI (Adv. FERNANDO): *L'Umbria agricola, industriale, commerciale. Studio economico-statistico. (Agricultural, Industrial and Commercial Umbria. A Study in Economic Statistics).* Camera di Commercio e Industria dell'Umbria (*Umbrian Chamber of Commerce and Industry*). Year 1913. Foligno, Francesco Salvati, 1914. pp. 145.

This is a voluminous report on Umbria, considered from the three points of view of agriculture, commerce and industry, presented by the President of the Chamber of Commerce and Industry of Foligno to the Minister of Agriculture, in accordance with a special provision of the law on Chambers of Commerce.

The report consists of three parts: the first contains a summary of information obtained in regard to the movement of population, the public services and the institutions in connection with agriculture, industry and commerce; in the second, the various manifestations of the economic activity of the region are dealt with; in the last part, there is a list of the industrial businesses, with indications of their organization and productive power.

MOVIMENTO COMMERCIALE DEL REGNO D'ITALIA NELL'ANNO 1913: Parte seconda (volume I). Movimento per paese di provenienza e di destinazione (Paesi Europei). Ministero delle Finanze. (*Commerce in the Kingdom of Italy in 1913. Part. 2. (Volume I). Movement in regard to Countries of Origin and Destination. (European Countries). Finance Department*). Rome, G. Bertero, 1914, 671 pp.

This first volume of the second part of the statistical return of the Movement of Trade in the Kingdom of Italy in the year 1913, published by the General Excise Office (Finance Department) gives the amount of the "special trade", according to countries for the five years 1909-1913; and also the amount of the "special trade", according to countries and the nature of the produce for the year 1913; as well as analytical tables showing the countries of origin and destination of the goods.

#### NORWAY.

BERETNING OM DET KGL. SELSKAP FOR NORGESVELS OG DETS UNDERAVDELINGERS VIRKSOMHET I AARET 1913. (*Report on the Work of the Royal Society for the Welfare of Norway and its Local Sections*). Christiania, 1914. pp. 615.

The *Kgl. Selskap for Norges Vel* is the oldest and by far the most important of the agricultural societies of Norway.

Its object is shown in its name (*Royal Society for the Welfare of Norway*) and both identify the welfare of the country with that of agriculture.

That the society has never abandoned this position is seen in the action displayed by it since its foundation in 1809. We may form some idea of this from an examination of the last published report of its work, in the various departments of agricultural economy, that namely for 1913: work of technical character and economic organization, study of problems and propaganda.

The report in question also deals with the "*Landhussoldingsselskaperne*" (agricultural societies), forming so many branches of the *Selskap for Norges Vel*, by means of which it is able to extend its beneficent influence to the remotest parts of the extensive territory of Norway.

#### NEW ZEALAND.

REPORT OF DEPARTMENT OF LANDS AND SURVEY, NEW ZEALAND, FOR THE YEAR 1913-14.  
Wellington, 1914. John Mackay.

Although politically New Zealand is a highly developed State, with institutions even more complex than those of many older communities, it is still a new country in the sense that the work of colonisation is far from complete and much land remains open for settlement. In the year 1913-14, according to the Report of the Department of Lands and Survey, 474,586 additional acres were opened for selection and, in the same period, 500,396 acres were taken up. There is a great variety in the forms of tenure under which land may be acquired, but it is generally stipulated that the settler shall effect improvements of a certain minimum value and it is noteworthy that the improvements actually effected greatly exceed this minimum. The Reports of the Commissioners of Crown Lands for the various districts, although they are merely bald statements of facts, give interesting pictures of a new country in the making, and a few photographs have been added which help towards a more vivid realisation of pioneer life.

#### PARAGUAY.

PFANNENSCHMIDT (Dr. E.): Expert in Scientific Agriculture in the German Imperial Consulate at Buenos Aires): *Die Landwirtschaft in Paraguay. (Agriculture in Paraguay)*. Berlin, 1914, pp. 52.

This work belongs to the series of *Berichte über Land- und Forstwirtschaft im Auslande* (Reports on Foreign Agricultural and Forest Economy) rendered by the German Foreign Affairs Department, and is the result of a journey recently made by the author in the region studied.

While the climate and the soil are favourable for agriculture and livestock improvement, on the other hand the population is insufficient.



Its density is very low and high infant mortality and the emigration due to continual internal convulsions do not serve to increase it. What is more serious is that the best labourers go, leaving an insufficient number of even those less disposed to work. It is precisely his indisposition to constant labour, in spite of the excellent resistance he offers to the climate, which characterises the Paraguayan labourer. According to the author, the native born Paraguayan labourers cannot be counted upon and still less the Indians. The only hope then is to be placed in the immigration of more suitable elements.

Immigration to Paraguay is not extensive and revolutions have contributed to reduce it of late years. And even amongst the immigrants it is members of the professions that predominate and the agriculturists are very few.

The early legislative encouragements offered to immigrants were often taken advantage of by persons who, as soon as the Government assistance came to an end, left the country.

More recent laws give immigrants special facilitations and have provided for the foundation of colonies in the true sense of the word. But not even these new provisions have availed to attract a considerable immigration.

Experience has shown that those colonists succeed best who arrive with little or no capital: and if the initial difficulties have not been overcome in all the "colonies," this is due to a bad selection of colonists, too often limited to the unsuccessful in other occupations, to the so-called intellectual proletariat, to the discontented and those who vainly expect to find a new Eldorado in Paraguay.

Again, the colonies were generally formed without sufficient capital; some were established in unsuitable places, the cost of transport to which was excessive; very little attention was given to the cultivation of the soil and the choice of crops for cultivation; besides, not all the area of the lots assigned was cultivated and the European colonists have often been substituted by native Paraguayans.

If a change is to be made, the author suggests, that encouragement should be given to small colonies of those who will themselves work the soil with the assistance of their families, without at all depending upon the uncertain and expensive local labour, and that the last loan made by the Government should be utilised for this purpose.

#### UNION OF SOUTH AFRICA.

**REPORT OF THE ECONOMIC COMMISSION.** Presented to both Houses of Parliament by Command of His Excellency the Governor-General. Pretoria. 1914. The Government Printing and Stationery Office. 1 vol. in fol. 84 pp.

The Economic Commission was appointed by the Governor-General in September, 1913, to enquire into and report upon the following matters:

(1) Wages, working hours and the cost of living within the Union of South Africa as compared with other countries; (2) Cost of production in the Union; (3) The question of establishing a minimum wage in trades within the Union; and (4) Payment for overtime and for night work in trades or industries within the Union.

Under the Chairmanship of Prof. S. J. Chapman of the University of Manchester the Commission held sittings at Johannesburg and at sixteen other towns in the Union between the 13th October, 1913, and the 17th January, 1914, and having finished taking evidence reported without loss of time. Their Report is divided into eight sections which deal respectively with: I. Cost of living; II. Wages and conditions of white labour; III. Wages and conditions of non-white labour; IV. A legal minimum wage and allied questions; V. System of arranging wages and conditions of labour, and machinery for settling disputes; VI. Systems of paying wages; VII. Hours of labour and overtime; VIII. General summary of conclusions and recommendations.

The Commission found that the cost of living for whites (food and rents) on the Witwatersrand is about 40 per cent higher than in America and nearly 80 per cent. higher than in any European country, while wages are nearly 40 per cent higher than in America and nearly 225 per cent. higher than in any European country. They consider it undesirable that Government should lay down a minimum subsistence wage, or decree minimum wages for skilled or semi-skilled trades, or place barriers in the way of non-white labour. Further they recommend the establishment of voluntary conciliation boards and consider it essential, if satisfactory agreements are to be made and the existing labour unrest is to be allayed, that employers should recognize trade unions.

A summary of the evidence given before the commission is published separately. The Report itself, which contains much useful statistical and other material, is commendably short.

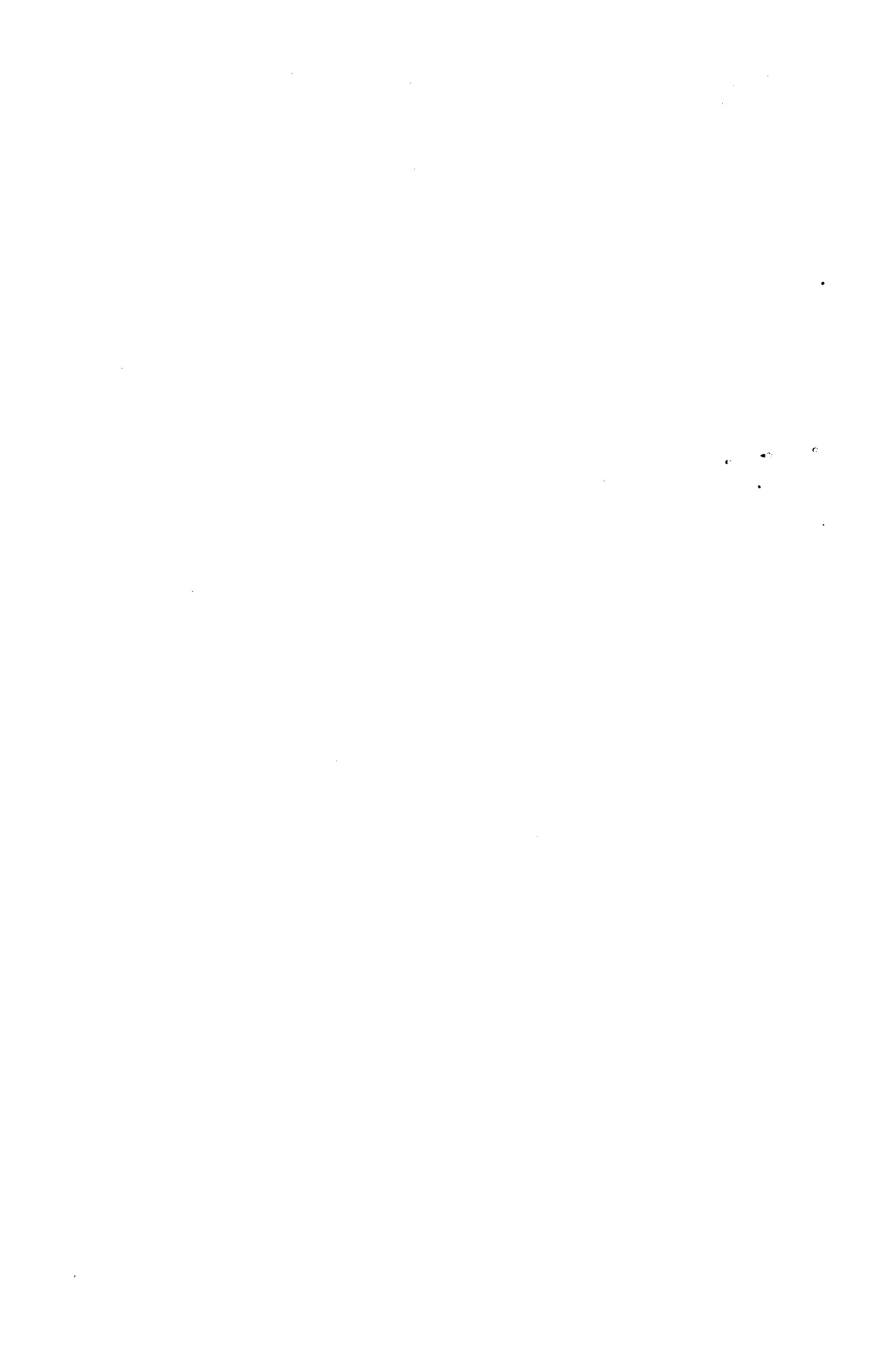
STEVENS, (E. J. C.): *White and Black*. 1 vol. 8 vo. 284 pp. London. Sumpkin Marshall and Co. (*Undated*).

This is an inquiry into the so-called "Native problem" in South Africa by a writer who might perhaps be best described as sympathetic but pessimistic. He paints an unpleasing picture of the conditions under which miscegenation takes place and a half-caste race is being built up. The process of intermixing, he says, is continuing to-day "on a scale greater commensurably with the increased European population of the country than it has ever been before", the result being a gradual merging of black into white which if long continued will lead inevitably to the disappearance of the whites of unmixed blood from a very large part of South Africa. This, according to the writer, is the real danger which threatens the country. The "Native problem" is the problem of so adjusting the relations between

white and black that both races shall be free to attain their highest development without either, in its progress, encroaching upon the other.

To the problem thus postulated, segregation or separation of the races as here advocated would seem to be the logical solution. Mr. Stevens, however, rejects the views of those for whom segregation consists in herding the natives into their reserves and leaving them to their fate. This is but the selfish counsel of people who are anxious only to get rid of the natives in order to act without regard to them; and what they propose is moreover impracticable. Separation can only be brought about by years of assiduous care, by creating and fostering conditions which will in time lead the natives to settle of their own free will in certain parts of the country in which they only will be entitled to hold land. Conversely, they would be gradually excluded from the rest of the country where title to land would be granted only to whites.

One chapter of Mr. Stevens' book is devoted to "Native Education", and two chapters (which are among the most important in the book) to a discussion of the problem of the "Poor Whites". In the final chapter, entitled "The Asiatic Menace", the writer declares himself uncompromisingly hostile to Indian immigration.



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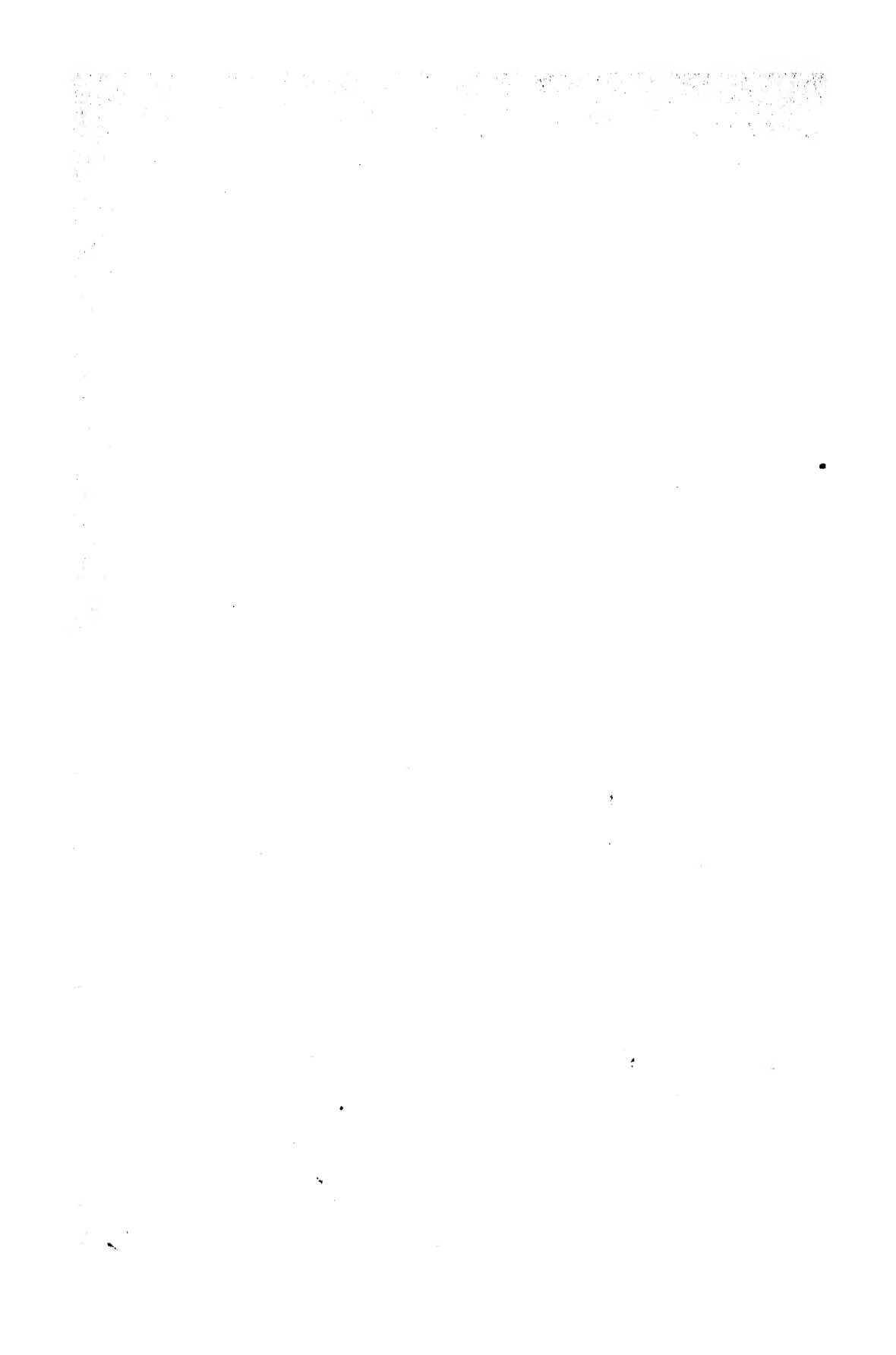
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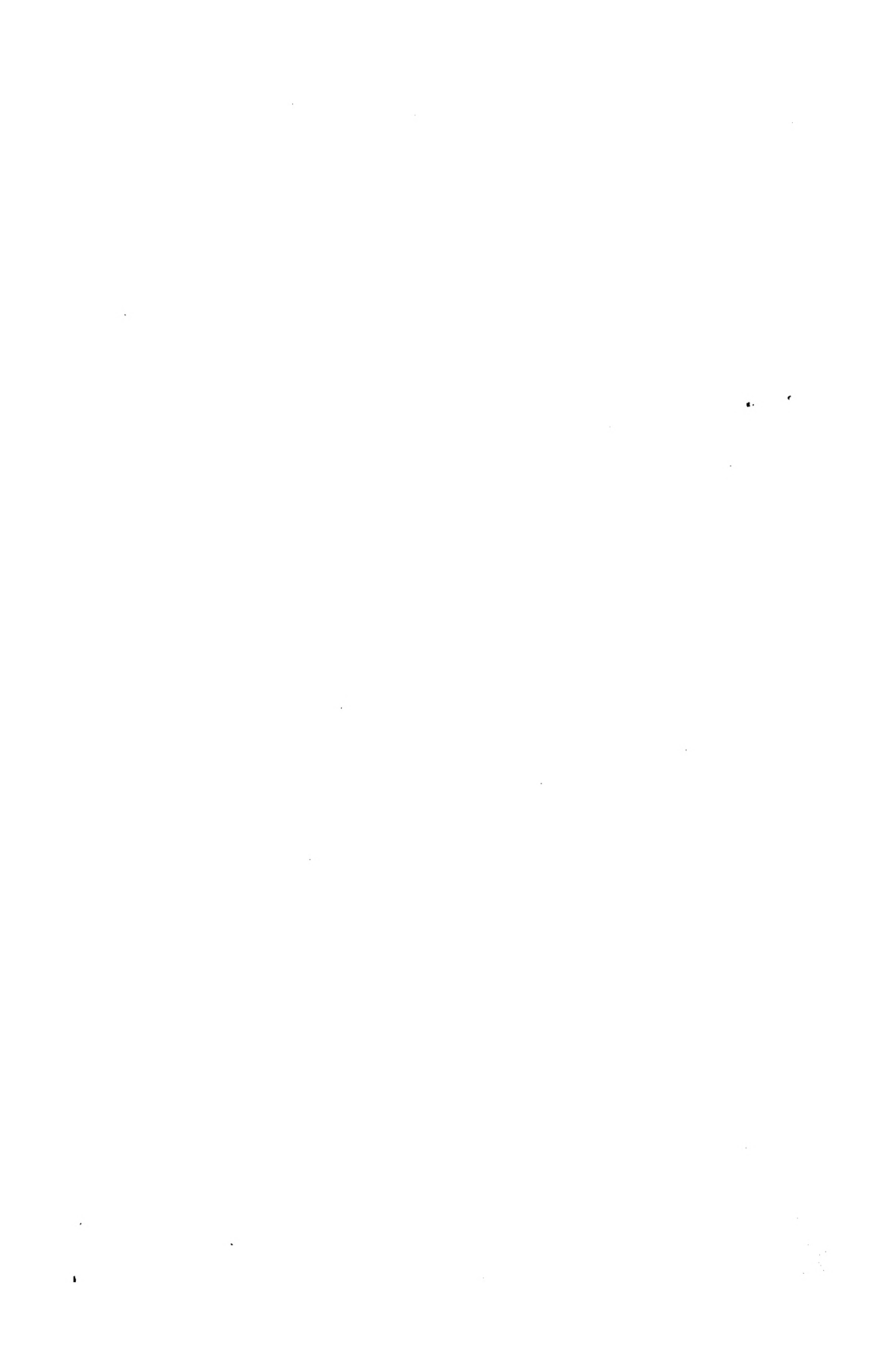
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# Part I: Co-operation and Association

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## AUSTRIA.

### AGRICULTURAL CO-OPERATION IN AUSTRIA DURING THE FIRST FIVE MONTHS OF WAR.

*(August-December, 1914).*

Agricultural co-operation generally and above all agricultural co-operative credit in the territories of the belligerent States is now passing through a period of crisis, the effects of which it is well to take into consideration as they may furnish useful lessons for the future. It is perhaps superfluous to say that co-operation has never been put to so severe a test as in this period; and the fact that it can hold its own under the present adverse circumstances is evidence of the wisdom of its principles and the solidity of the institutions that have been founded to carry them out.

Let us first of all briefly summarise the decrees and provisions issued by the Agricultural Department and the other Departments at Vienna, directly concerned with agricultural co-operation.

Immediately on the outbreak of the war, the Minister of Agriculture, Zenker, issued a Decree by which the rural population was assured that the funds deposited in the rural banks ran no risks and that, consequently, there was no reason for fear in regard to their safety and the solidity of the banks themselves.

On August 2nd., he issued a second Decree addressed to all the agricultural corporations and co-operative federations in which he showed how necessary it was to restrict the grant of credits within the limits of what was absolutely necessary, above all in the case of those that involved a demand for assistance on the part of the State. In order to meet these exceptional conditions, the Department advised the most rigid economy and announced that the payment of the second part of the subventions to

which the corporations and federations in question were entitled would be suspended.

The savings obtained by means of the above economies should, at least in part, supply the needs that under ordinary circumstances were met out of the Government subventions.

The decree of August 14th., 1914, issued by the Department of Agriculture and addressed to the agricultural corporations and co-operative federations, in regard to the continuation of the work of the dairies and cheese dairies, also comes within the sphere of agricultural co-operation. As a result of the general mobilisation ordered in the whole Austro-Hungarian Monarchy, a great diminution of activity in every branch of the national economy, especially in the rural districts, through the deficiency of labourers, was to be foreseen. However, as the war broke out in the height of summer, at a moment, that is to say, when a large part of the crops were already harvested or ready to be harvested (this is especially true in regard to the districts of Austria, cultivated with grain and utilised as meadow land, and less so in regard to the viticultural districts, which, however, as compared with the former, occupy but a small portion of the cultivated area), the number of the labourers could be diminished without quite arresting or paralysing the work in the offices of the farms and in the fields. It is otherwise in the case of those branches of rural economy that cannot endure a reduction of their strength, and amongst these one of the most important is that connected with the treatment of milk, that is to say the whole dairy industry, which in Austria is largely carried on on co-operative principles. Milk, butter and cheese are articles of the first necessity, for which substitutes cannot easily be found, and a large part of the urban population, and even more of the rural population, have daily need of them. For these reasons, the Agricultural Department at Vienna addressed the above instructions to the Rural Corporations and their federations, urging them to interest themselves especially in this branch of rural industry and take all the necessary steps to prevent a reduction of the production through deficiency of workmen, by the substitution, as far as possible, of female labour for male labour, of which there is a total or partial lack.

The decree of the Department of Justice of August 11th., 1914, relative to the temporary suspension of inspections, has also its importance for co-operation. It is known that by virtue of the law of June 10th., 1903, Boll. L. I., no. 133, every economic consortium founded in accordance with the law No. 70 of April 5th., 1873, must submit to a general inspection every two years; the Federations were charged with the duty of carrying out these inspections. In consequence of the mobilisation and of the fact that not a few of the inspectors were called on for active military service, many Federations legally authorised for the work of inspection were unable to carry out the work within the limits established by the law. In consequence of this, the Department of Justice forwarded to the Presidents of the Courts of Appeal a decree by which, in substance, the Federations were relieved from the obligation of inspecting the consortiums, without

rendering themselves liable to the provisions laid down in § 5 I of the Ministerial Order of June 24th., 1903. Boll. L. I. No. 134.

Finally, we must speak of the moratorium of July 31st., 1914, which fixed at 200 crowns the amount of the deposits demand for withdrawal of which might be made to the Banks, savings banks and rural banks. This amount seemed too high in the case of the Rural Banks (of Raiffeisen system) as the great majority of the deposits in them do not exceed the amount of 200 crowns; so application was made for its reduction and the Government considered this in the Imperial Order (§ 14 of the State Constitution of date of December 21st., 1867. Boll. L. I. No. 141) of August 13th., 1914, for the continuation of the moratorium decreed on the preceding July 31st. By this Order the amount of the repayments to be claimed from the Raiffeisen Banks, was reduced to 50 crs.

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It is difficult, under existing circumstances to speak of the exact situation of agricultural co-operation in Austria to-day; in any case, it is not the time to pronounce any final judgment on the matter. For that we should have full knowledge of the facts, but to-day our knowledge is incomplete; whilst it is evident that the consequences of the present situation, and the effects of the war on agricultural co-operation generally will only be fully evident in the future, when the present situation has attained its full development and the critical period which agricultural co-operation is now going through has been passed. The elements we possess are, however, sufficient to allow of our analysing even now the existing situation of agricultural co-operation in Austria; we shall begin with the most important branch in which so much of its action is displayed, that of agricultural co-operative credit.

From what has been published in the technical papers and above all in the "*Oesterreichische landwirtschaftliche Genossenschaftspresse*", it seems clear that the Raiffeisen Banks have not had to contend with serious difficulties through runs upon them due to panic and want of confidence in their financial solidity. The withdrawals made do not amount to excessively large sums, when the situation is considered, and were largely due to the real requirements of the population, above all because many called upon for active service did not neglect to provide themselves before going with the money required to meet the expenditure they would presumably incur in the course of the war. The departure of many employees of the Rural Banks for the purpose of joining their regiments, indeed, caused some difficulties, but these were soon overcome by means of their speedy substitution, and in this way the Rural Banks could continue undisturbed in the exercise of their activity, with the efficient support of the Federations and Central Banks. We must here point out the practical advantage the Central Banks have above all proved themselves in the

present contingency, showing themselves most useful, and to them it is largely to be attributed if the Rural Banks have been able to survive the crisis without being too severely shaken and without suffering serious loss. Without the assistance and support of these institutes, which are real clearing houses for the rural banks, it is certain that agricultural co-operative credit would have suffered much more severely by the state of war and that many banks would have failed. With a view to the development of co-operation in ordinary times, we must insist on the fact that the war has shown not only the advantage but the indispensable necessity both of Federations and Central Banks, of which it has often been said that they are not only useless but even injurious.

From what has been said above, it is evident that the chief burden of the situation fell on the central co-operative banks; their task was and is anything but easy. The applications for money made by the rural banks exceeded, on account of their actual requirements, the ordinary limits, and the central banks, to which the moratorium gave little protection, had to obtain the necessary amounts, as they could, which was, in certain cases, only possible after great difficulties had been overcome and it was not possible to meet the demands to their full amount. The Raiffeisen Banks, had, therefore, to adapt themselves to the circumstances of the moment and be rather sparing in granting new loans. Besides, the scarcity of money had already rendered the work of the central co-operative banks of Austria difficult for some time past; under existing conditions, this was felt even more intensely and caused more serious embarrassment than in ordinary times. It was therefore necessary to raise the rate of interest and to apply to the Austro-Hungarian Bank for credit.

At this moment Austria feels the want of a Central Clearing House (*Zentral-Geldausgleichsstelle*) to facilitate the work and administration of personal credit on a co-operative basis on the model of that possessed by the German co-operative societies in the "Prussian Central Co-operative Bank" (*Preussische Central-Genossenschaftskasse*).

As regards the institution of the "War Loan Bank" (*Kriegsdarlehenskasse*) let it suffice to say that it is not the intention of the Finance Department at Vienna that it should serve also for agricultural credit on co-operative lines. The funds of this Bank are reserved exclusively for industry and commerce and, although the representatives of the interests of agriculture have endeavoured to arrange in order that agriculture may be allowed to benefit by this Bank, the Department of Finance has not yet authorized this.

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We have still to speak of agricultural co-operation in connection with distribution, production and sale. We may say generally, in regard to all these departments of co-operation, that the agricultural consortiums in the first months of the war had a by no means easy task before them, that of supply-

ing the War Department. We mention this fact, which has occurred for the first time in the history of co-operation in the whole world, and insist on its importance ; indeed, the agricultural co-operative societies, when this duty was entrusted to them, had to solve a difficult problem, of undoubted importance for the whole national economy. In Austria very recently, in 1912, laws were passed on this subject, known as the " Laws for Assistance in case of War " (*Kriegsleistungsgesetze*) of December 26th., 1912. Boll. L. Imp. No. 236 ; the supply of grain to the army in time of war was regulated by § 28 of the law. The War Department, however, decided, on the proposal and with the help of the Agricultural Department, to entrust the agricultural consortiums with the supply of grain and thus for the moment to postpone the application of the law on assistance in case of war. The large Federations of Lower Austria, Bohemia and Moravia accepted the charge and, with the support of the Elevator Consortiums (*Lagerhausgenossenschaften*) and other co-operative societies, supplied the army with many thousand truckloads of grain for bread, besides cattle foods and flour at *prices fixed by the War Department*. But, owing to there being no organization for centralising this most important service, the work of the Federations, initiated with good success, had later on to struggle against serious difficulties ; in fact, the purchase of grain soon degenerated into a matter of speculation on the part of public and private institutions which competed with the Federations and bought grain at prices higher than those fixed by the War Department, in this way rendering the purchase more difficult for the Federations. Let us also add that maximum prices for grain and flour had not been fixed and nothing was done in the way of energetically resisting the accumulation of produce in the hands of purchasers and speculators, by which the continual rise of prices might have been checked. The consequence of all this was that at the end of September the Federations were compelled to suspend the large supplies of grain they had up to then made and the War Department applied the law on assistance in case of war for the purpose of obtaining supplies of grain. We have not yet sufficient figures to show, exactly, the share the consortiums and federations took in supplying the army and we shall limit ourselves therefore to giving a few figures to show at any rate the share the co-operative institutions took in supplying the forces in the field. The Federation of Lower Austria supplied 1,575 truckloads of grain for an amount of 3,785,000 crs., besides large quantities of hay, straw and oats ; in Bohemia, the Federation of the Czech Consortiums supplied 1,557 truckloads of hay, straw and oats for the amount of 2,085,755 crs., and, for purposes of the mobilisation, 1,467 truckloads of grain and flour for an amount of 3,347,879 crs. ; in Moravia, the Central Federation of Czech Agricultural Consortiums supplied 2,700 truckloads for an amount of 6,000,000 crs. Besides these, grain and other produce, hay, oats and straw were supplied in large quantities by the Central Federation of German Agricultural Consortiums of Moravia, the Elevator Consortiums of Upper Austria, the Silesian Czech Federation, and the Federations of Laibach, Botzen, Graz, Klagenfurt, Spalato etc.

The purchase in mass of articles of consumption through the co-operative societies by the Federations continued without interruption, in spite of many difficulties, amongst which we may mention in the first place the suppression, in the month of August, of the carriage of private goods on the railways, and, after the resumption of this service, the entire lack at first, and afterwards the insufficient supply, of closed trucks, so that despatch had to be made in open trucks.

It was not possible to meet the demand for chemical manures in autumn as there was no importation of these manures from Germany. The prices of cattle foods rose considerably, partly owing to the exportation to Germany. The situation of the Milling Consortiums is now very unfavourable, owing to the lack of grain and the high prices asked for it. The sale of agricultural produce has been less affected by these disturbances; corn, rye, oats, hay for straw, livestock and in some provinces even cheeses, could be supplied to the army; only those provinces that usually export livestock, amongst which the Tyrol and Vorarlberg are the most important, have suffered considerable losses in this department. We have already spoken of the dairy societies. The distilleries (*Brennereigenossenschaften*) of co-operative character were obliged to reduce their production owing to the increased price of potatoes and barley.

Altogether, we may say that all the agricultural consortiums are working regularly and that, in spite of many difficulties, they continue their business as far as is possible; up to the present the agricultural co-operative societies have not suffered too severely.

It is clear that the general situation of agriculture has an appreciable effect also on all the branches of agricultural co-operation. We shall note here in this connection that the prices for livestock and meat have not been greatly affected; it is otherwise with milk, butter, fruit, vegetables, wine and poultry; the price of eggs rose owing to the export to Germany and the diminished importation.

We must, finally, note the action of the Government in its orders and decrees in respect to the reduction of the utilisation of grain and potatoes for distilling; the utilisation of barley, potatoes and maize for bread, and the limitation of the slaughter of calves. The Government suspended the tax on grain, and forbade its exportation. By Order of the Department of Commerce, in agreement with the Departments of Agriculture and Home Affairs, issued on December 28th., 1914, maximum prices were fixed for wheat, rye, barley and maize, varying with the provinces, and coming into force on the 10th. of December. By order of the same Departments, of date of December 19th., 1914, Boll. L. I. No. 345, maximum prices were also fixed for potatoes, also varying with the provinces. This order came into force on December 23rd., 1914.

A few words must be said as to the participation of the agricultural consortiums in the Austrian War Loan. The amount subscribed by the agricultural co-operative societies we are considering and in the first place, therefore, by the Rural Banks, was comparatively large. For the purpose, the Government amended the provisions of the moratorium decree in



regard to the Raiffeisen Banks; § 5 of the moratorium decree of November 25th., 1914 abrogated, for purposes of the war loan, the provision by which the withdrawals of deposits in the Rural Banks were limited to the amount of 50 crs. a month and, for the purposes of the national subscription of the loan, permitted withdrawal of the entire deposit. We have not yet precise information as to the amount subscribed by the co-operative agricultural institutes; however, according to the notices already published, it may be said that between 25,000,000 crs. and 30,000,000, crs. have been subscribed. Considering the objects of agricultural co-operation for personal credit, the constitution of societies with these objects and the mode in which they work, the "*Oesterreichische landwirtschaftliche Genossenschaftspresse*", organ of the General Federation of Austrian Agricultural Consortiums, expresses its doubt whether agricultural co-operation has not gone beyond the utmost limits of its financial resources in subscribing so largely.

# CANADA.

## CO-OPERATIVE LEGISLATION IN CANADA (1).

By T. K. DOHERTY,

*Commissioner for Canada of the International Institute of Agriculture.*

In other articles (2) reference has been made to the formation under provincial laws of co-operative societies for the purposes of marketing grain and fruit and the purchase of supplies required in conducting the business of the members. Provincial laws providing for incorporation of co-operative associations for other purposes (if the co-operative credit banks or "caisses populaires", established chiefly in the Province of Quebec, be excepted) are not of such economic importance, but a brief survey of that legislation may be of interest.

### § 1. CO-OPERATIVE DAIRY LEGISLATION.

Dairy associations either for the manufacture of butter or cheese or both are organized under provincial laws which are more or less uniform. Provision is generally made that five or more patrons may form a company with a capital of \$1,000 and upwards divided into shares of \$5 to \$25 each. In some companies each share carries a vote, and in others the rule is one man, one vote. Usually there is a fixed charge for manufacturing varying according to the size of the factory, and this charge furnishes the company with its working expenses and its dividends as profits are available. Where no dividends are paid the manufacturers' charge is fixed each year with a view to meeting current expenses only.

It has not been the practice to purchase the milk outright. The product belongs to the milk suppliers and they receive usually once a month the value of all the cheese or butter, less the manufacturing charge. The factories are not grouped into federations co-operatively, as the Irish Societies are, with

(1) For a more detailed study of this subject by the same author, see the *Agricultural Gazette of Canada*, May, 1914.

(2) See *Bulletin of Economic and Social Intelligence*, October, 1911, "Agricultural Organisation in Canada," and June, 1914, "The Saskatchewan Co-operative Elevator Company."

a central society to attend to the marketing, which, as well as the collective purchase of supplies, is carried out on a large scale with consequent economic results. In Canada a salesman is appointed by the patrons to attend on certain appointed days meetings of the Butter and Cheese Boards where the patrons meet the commission merchants and sell to the highest bidder. Recently a few factories in the Province of Quebec have combined to market their product in Montreal.

## § 2. OTHER CO-OPERATIVE LEGISLATION.

Legislation regarding other forms of agricultural co-operation is more diversified and it will be necessary to consider each province separately.

### (a) *British Columbia.*

The Agricultural Associations Act provides for the formation, with share capital and limited liability, of associations for production as well as for sale of nearly every product of the farm, as well as for the purchase of supplies. In fact they may be organized for any purpose which may be approved by the Minister of Agriculture having for its object the development of agriculture. A shareholder may have shares to an amount mentioned in the by-laws but not to exceed one-quarter of the share capital. Shares are transferable subject to the consent and approval of the association and *each share carries a vote.*

Section 44 of the Act provides : " An association shall be deemed to be formed upon the co-operative system if provision is made by its constitution and by-laws for securing to all producers who are members of the association a share in the profits of the association in proportion to the value of the produce supplied by them, after payment of a dividend upon the capital stock not exceeding six per centum per annum. Provision shall also be made for enabling all producers in the district to become members of the association by limiting the number of shares to be held by any single member, or by other effective regulations. "

### (b) *Alberta.*

The Co-operative Associations Act (Chapter 12 of the Statutes of 1913) provides for incorporation of associations of limited liability " for the purpose of carrying on any labour, or fulfilling the requirements of any contract or undertaking, by or on behalf of labourers, or for the purpose of conducting and carrying on any co-operative store or business, wholesale or retail. " The number of shares to be issued is unlimited, but each member has but one vote. There is provision for the payment of interest on the paid up portion

of the shares ; the net earnings over and above that may be applied to any lawful purpose. Any two or more associations may amalgamate.

(c) *Saskatchewan.*

The Saskatchewan Agricultural Co-operative Associations Act (Chapter 62, 1913) provides for the formation of associations for the purposes of the purchasing or selling of live stock, farm products or supplies on the co-operative plan. The word "supplies" is interpreted to mean building and fencing material, flour, feed and such other commodities as may be shipped in car lots and distributed from a warehouse, but is not to be interpreted as applying to a retail business.

Seventy-five per cent of the shareholders must be agriculturists. There is provision for the *single vote*, for the creation of a reserve fund equalling at least 30 % of the paid up capital ; payment of interest on the capital stock not exceeding 6 % ; division of the remaining profits among the patrons in proportion to the volume of business done.

(d) *Manitoba.*

The Co-operative Associations Act (Chapter 36, Revised Statutes of 1902) provides for limited liability associations "for the purpose of carrying on any labour, trade or business, whether wholesale or retail, except the working of mines, minerals, or quarries, and the business of banking or insurance."

(e) *Ontario.*

In Ontario, where many co-operative societies flourish, there is no special co-operative law. Co-operation is secured under a general clause of the General Stock Companies Act by applying to the Provincial Secretary. Under this arrangement a great deal of latitude is permitted as to constitution, by-laws, rules and regulations. The Department of Agriculture adopted certain model by-laws which are particularly recommended, but the by-laws do not form part of the letters patent and can be amended to suit the needs of the associations.

(f) *Quebec.*

Farmers' clubs co-operative societies are provided for by Section 8 of the Revised Statutes of 1909 ; stock breeding syndicates by Section 9 and co-operative agricultural associations by Section 12, amended by the Statutes of 1912. The economic activities of the various associations

formed under these Acts have not yet attained important proportions. Much more important are the associations formed under the Co-operative Syndicates Act, Section 19 of the Revised Statutes of 1909. The co-operative credit banks styled "caisses populaires," to which reference has been made, are established in the Province under this Act. Co-operative syndicates may be formed for consumption, production, and credit. They are in the nature of joint stock companies with limited liability with the declared object of "studying, protecting and defending the economic interests of the labouring classes, and for that purpose buying and re-selling to the members such articles as are necessary for the support and for the industrial works of the members, opening up credits for them and making loans to them; establishing works in common for the associates or authorizing them to devote themselves to processes of production and to the selling of the products thereof either collectively or individually." Farmers' clubs and agricultural societies may acquire shares under the Co-operative Syndicates Act.

A Board of Management of five members appointed at the general meeting transact all the the business of the associations. The activities of this Board are subject to a Board of Supervision. Then a Board of Credit of three members absolutely controls loans. The one-man-one-vote rule and other recognized co-operative features prevail. Although the provisions of the Act do not indicate that they were particularly designed for the farmers, nevertheless, farming communities in the Province have taken full advantage of the Act, especially for the organization of the co-operative credit institutions just referred to. The formation of these banks under the guidance of their founder, Mr. Alphonse Desjardins, preceded by several years the passing of the Syndicates Act. It is understood that this Act was enacted chiefly to promote the establishment of these banks and the co-operative economic activities of their members.

(f) *Prince Edward Island.*

There is no general Act providing for co-operation. However, the Co-operative Fruit Company and the Co-operative Egg and Poultry Association, incorporated under special Acts, have been attended by marked success. Under the latter Act local egg and poultry circles are organized on a purely co-operative basis and the local units have been federated for economic purposes of common advantage. The Dominion Department of Agriculture, through the Live Stock Branch, has collaborated actively with the Provincial Department in designing the requisite legislative and regulatory measures, besides furnishing the services of two or three experts who are continually in attendance. The work done on the Island, involving the formation and federation of sixty-four Circles, is typical of other similar work being successfully accomplished in nearly every province of the Dominion.

(g) *New Brunswick.*

No co-operative legislation exists. However, the members of many of the ordinary agricultural societies occasionally co-operate for certain purposes. Nearly all of them buy pure bred live stock and improved seeds for the benefit of their members, and some of them deal quite extensively in fertilizers.

(b) *Nova Scotia.*

The cultivation of fruit is the leading farm industry in this Province; hence the United Fruit Company of Nova Scotia, Limited, already referred to, is of paramount importance. However, the Act under the authority of which this Company has been formed provides facilities for the incorporation of companies for purposes other than fruit culture. The law provides for the formation of local independent units and for their federation into central companies.

By Chapter 22 of the Statutes of 1912, amended by Chapter 63 of the Statutes of 1913, any number of companies, not less than ten, incorporated under the provisions of Chapter 33 of the Statutes of 1908 entitled "An Act to facilitate the incorporation of Farmers' Fruit, Produce and Warehouse Associations," or for a like purpose under the "Nova Scotia Companies Act," if authorized by its memorandum of association so to do, may form themselves into a Central Company for the following purposes, namely:

"(a) buying, selling, bartering, taking on consignment or disposing of on consignment and packing and dealing in fruit, fodder and other farm produce as well as fertilizer and artificial manures of all kinds: arsenate of lead, spraying materials and all kinds of insecticides and fungicides, power spraying outfits, hand pumps and all other commodities or material incidental to the use of the same, nails, pulp heads, paper and all material necessary for the purpose of packing fruit and farm produce, flour, feeds and all milling produce, seeds, farming implements, tools and waggons, and all manner of merchandise.

"(b) warehousing the same, as well with cold storage as otherwise, and marketing and transporting the same and carrying on the business of of warehousemen and shippers of such fruit, fodder and other farm produce."

The Local is a limited joint stock company with a capital of at least \$1,000, of which one-half must be subscribed. The shareholder is entitled to one vote for each share of stock, and there is no limit to the number of shares he may hold. Notwithstanding these provisions are not of the purely co-operative type, the members are practically producers only and save profits which would otherwise go to the middlemen. Every local company becomes a shareholder in the Central Company with which it is

affiliated and is entitled to representation at the annual meeting by three delegates. The Directors of the Central appoint a Board of Management for all the business transactions of the Company. Dividends may be declared from the profits of the Company to the shareholders in proportion to the amount paid up on their respective shares, or the profits at the discretion of the Directors may be used for any business purpose within the powers of the Company or to create a reserve fund.

Under this general Act, besides the United Fruit Company of Nova Scotia, Limited, and its thirty odd affiliated companies, a large number of farmers' and fruit packers' associations have been formed and are in successful operation. A number of these conduct farmers' stores in which all sorts of commodities, including seeds and fertilisers, are bought and sold.

## DENMARK.

### RECENT PROGRESS OF CO-OPERATIVE DISTRIBUTIVE ASSOCIATIONS.

(Communicated by Our Official Correspondent).

With reference to the detailed account of the development and situation of the Danish co-operative distributive societies, published by us in the number of this Bulletin for September, 1911, we shall give below the principal results of the work of the *Common Union* of these societies for the year 1913 (the corresponding information for the year 1912 was published in our number for February, 1914).

On December 31st., 1912, 1,309 associations (1), or almost all those existing in Denmark, belonged to the *Common Union*. The number of their members was 184,569.

A year later, on December 31st., 1913, it was found that 50 other associations with 9,768 members had united with these. We may see from the following figures what advance this movement has made since 1896.

	Number of associations affiliated to the union	Number of members of the associations	Total business done (in millions of crowns)
1896 . . . . .	310	51,777 (2)	4.2
1903 . . . . .	852	115,872	19.8
1905 . . . . .	1,029	143,031	26.3
1910 . . . . .	1,259	177,519	46.1
1911 . . . . .	1,286	181,326	48.8
1912 . . . . .	1,309	184,569	55.5
1913 . . . . .	1,359	194,337	62.0

(1) Figures given by the *Common Union*. These figures do not quite correspond with the results of the Census of 1910 (*Statistisk Aarbog*, 1913, p. 134),

(2) Year 1899.



Their reserve funds, which on December 31st., 1910 amounted to 2,775,000 crs., on December 31st., 1911 amounted to 3,250,000 crs., on December 31st., 1912 to 3,657,000 crs., and on December 31st., 1913 to 3,987,000 crs.

The Common Union is not exclusively engaged in commerce; the attention it gives to industry is fairly considerable. The following table gives an idea of the importance of the business operations of its various departments:

### Commercial Activity.

	Total operations in millions of crowns.				
	1913	1912	1911	1910	1909
Colonial Produce Department. . . .	40.47	38.95	34.05	32.84	29.90
Manufacturing " . . . .	4.59	3.96	3.57	3.00	2.68
Implements " . . . .	3.69	3.21	2.92	2.62	2.37
Seed " . . . .	2.44	2.40	2.13	2.17	1.75
Timber " . . . .	0.22	0.18	0.13	0.15	0.14
Wine " . . . .	0.27	0.23	0.21	0.19	0.20
Heavy Goods " . . . .	0.27	0.27	0.22	0.22	0.21
Cycles " . . . .	0.21	0.14	0.09	0.15	0.16
Total . . . .	52.16	49.34	43.32	41.34	37.41

### Industrial Activity.

	Total operations in millions of crowns				
	1913	1912	1911	1910	1909
Coffee Roasting . . . . .	2.71	2.49	2.14	1.76	1.57
Chocolate Making . . . . .	0.63	0.53	0.47	0.44	0.39
Sugar Refining . . . . .	0.30	0.27	0.23	0.22	0.19
Tobacco and Cigar Factory. . . . .	0.78	0.70	0.64	0.57	0.52
Rope Making . . . . .	0.44	0.43	0.36	0.34	0.34
Soap Making . . . . .	0.88	0.93	0.90	0.81	0.73
Technical Chemical Factory . . . . .	0.24	0.24	0.22	0.20	0.17
Knitted Goods Factory . . . . .	0.17	0.13	0.13	0.09	0.08
Spice Milling . . . . .	0.32	0.28	0.25	0.23	0.19
Tea Department . . . . .	0.16	0.15	0.14	0.14	0.13
Total . . . .	6.63	6.15	5.48	4.80	4.31
Margarine Factory . . . . .	3.21	—	—	—	—
Total . . . .	9.84	6.15	5.48	4.80	4.31

As we see, there was an increase in the amount of business in every department, in 1913, and the profits amounted to 3,048,000 crs. The associations belonging to the Union received 5 1/2 % on the amount of purchases giving right to dividends, or 2,207,000 crs. (1) on the amount of 40,122,000 crs. (see the corresponding figures for the previous years) :

	Total Profits — crowns	Dividend — %
1899. . . . .	304,799	3 1/2
1903. . . . .	790,966	4 1/2
1905. . . . .	1,172,598	5
1910. . . . .	2,346,775	5
1911. . . . .	2,706,382	6
1912. . . . .	2,846,372	5 1/2
1913. . . . .	3,048,009	5 1/2

Finally, we reproduce the balance sheets of the Union for January 1st., 1911, 1912, 1913 and 1914 :

*Balance Sheets of the Common Union.*

*Credits.*

	Millions of crowns on January 1st.,			
	1914	1913	1912	1911
Stock of Goods . . . . .	6.76	6.23	5.99	5.05
Cash . . . . .	0.06	0.05	0.05	0.06
Fixtures . . . . .	0.29	0.39	0.27	0.38
Land . . . . .	4.19	3.51	3.15	3.13
Various Debtors . . . . .	8.37	8.44	7.60	6.62
Total . . .	19.67	18.62	17.06	15.24

(1) The balance was placed to the reserve fund.

*Debits.*

	Millions of crowns on January 1st.,			
	1914	1913	1912	1911
Co-operative Account. . . . .	0.78	0.77	0.76	0.68
Reserve Fund » . . . . .	3.99	3.66	3.25	2.78
Dividend » . . . . .	0.15	0.20	0.16	0.15
Loans » . . . . .	2.90	2.91	2.77	2.63
Insurance Account (against Fall in Prices)	0.20	0.20	0.20	0.20
Depreciation in Value of Buildings. . .	3.00	2.50	2.25	2.00
Insurance Account (Seed) . . . . .	0.07	0.07	0.07	0.07
Insurance Account. . . . .	0.10	0.10	0.10	0.10
Renewals . . . . .	0.50	0.50	—	—
Loans on Land . . . . .	1.31	1.34	1.35	1.37
Various Creditors . . . . .	3.58	3.49	3.36	2.87
Balance from Previous Year . . . . .	0.04	0.03	0.08	0.04
Net Credit Balance . . . . .	3.05	2.85	2.71	2.85
Total . . .	19.67	18.62	17.06	15.24

## RUSSIA.

### MUTUAL CREDIT SOCIETIES IN RUSSIA ON JANUARY 1st., 1914.

The "Special Office for the Business the Credit Societies" (Особенная Канцелярия по Кредитной Части) has just published its Return of the Balance Sheets of the Mutual Credit Societies of Russia as they stood on January 1st., 1914. (Сводъ Балансовъ Обществъ Взаимнаго Кредита дѣйствующихъ въ Россіи на 1 января 1914:го года).

At first sight this "Return" seems to consist merely of a dry enumeration in alphabetical order of the places in which the 1,108 Mutual Credit Societies of Russia were working at the above date, showing the year of the foundation of each society, the total number of its members, and the chief data respecting its balance sheet at the beginning of the current year.

But if we look a little more closely, and take the trouble to classify these various details, not according to localities in alphabetical order but grouping them systematically, if, in short, we compare them with the corresponding details for preceding years, — (these "Returns" are regularly published twice a year) — we shall obtain a complete and most eloquent statement of the general character and progressive development of this kind of credit association in the Empire of the Czars.

The oldest of these associations now in existence bears the name of the "Petrograd Premier Society of Mutual Credit", and was founded exactly fifty years ago in 1864; the statement in question will therefore give at the same time a clear idea of the evolution during half a century of one of the most successful economic institutions of Russia.

We have seen that the total number of Mutual Credit Societies working in the Empire on the first of January of the current year (1914) was 1,108. Of this number 39 were working in the two capitals, 29 in Petrograd and 10 in Moscow. In the chief towns of the provinces (governments) there were in all 172; the remaining 879 were established in provincial towns, in villages or in the country.

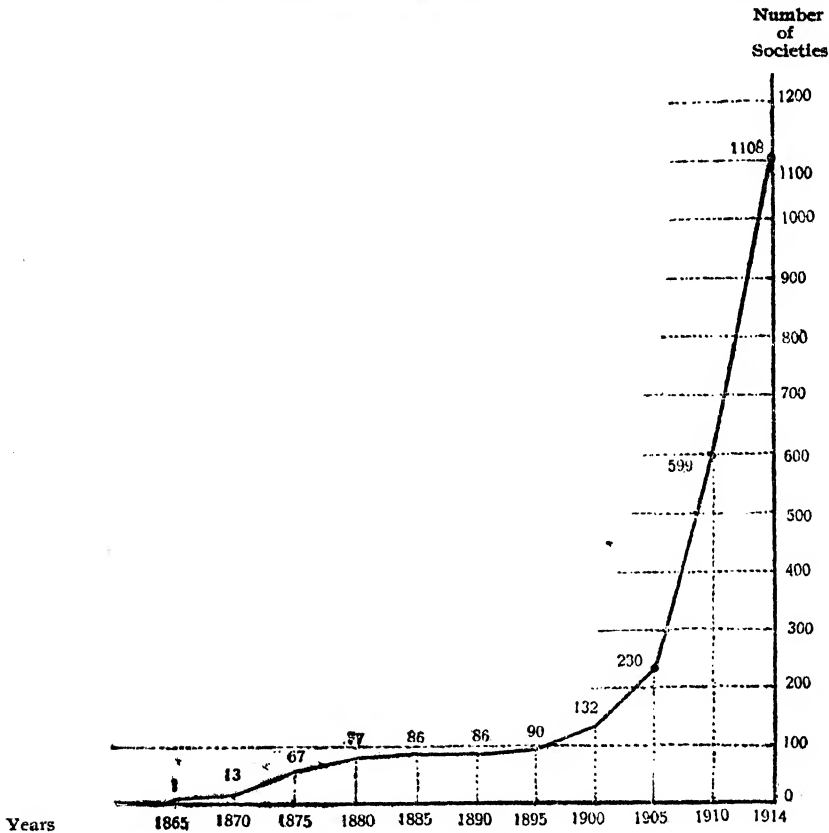
This division will in itself be sufficient to show the importance of mutual credit societies in the rural economy of Russia, but this importance will appear much more clearly if we compare the figures just quoted with

the corresponding figures for one of the preceding years, for instance, with those for the year ending on January 1st., 1911.

At that date the geographical distribution of the localities in which the Mutual Credit Societies were established was as follows: in capitals 27, chief cities of provinces 126, other provincial towns and country districts 451. In other words, during the last three years alone the net increase in the total number of Mutual Credit Societies was 40.7 % for the two capitals and 36.5 % for the total number of chief towns of provinces. But in the provincial towns and in the country, in short, in the rural districts the corresponding net increase is twice as great as in centres purely urban, that is to say 99 %.

And let us observe that the proportion is substantially the same when instead of the number of societies, we consider the total number of members. Indeed in the same period of time, we find here a net increase of 33 % for the capitals (36,000 members in 1911 against 48,000 in 1914); for the chief cities of provinces the increase is 43.1 % (116,000 members in 1911 against 166,000 in 1914). But in the rural centres and in the country the total number of members rises from 219,000 in 1911 to 419,000 in 1914, representing a net increase of 91.3 % in three years. It is therefore incontestably among the rural population of the Empire that the idea of mutual credit association is most welcomed, and is most actively disseminated.

The close connection existing between the development of mutual credit societies in Russia and that of rural economy in general throughout the Empire is strikingly shown by a comparison between the important dates of the economic history of Russia from the beginning of the present half century and the progressive rise in the numbers in the column of the following table which shows the increase of the mutual credit societies at present in existence.

*Progress of the Russian Mutual Credit Societies. (1864-1914).*

From this table it will readily be seen that the increase in the number of these societies, very insignificant from 1875 to 1895, became more important in the period of general evolution, more especially agrarian, following the peace with Japan. This increase became still more pronounced when the preparations for the great agrarian reform of the Stolypin Ministry began. Finally, the increase continued regularly when the first practical results of this beneficent reform began to be felt.

Let us now extract, still from the "Return" above quoted, some particulars respecting the financial labours of the mutual credit societies considered as a whole. And with regard to this it must be remembered that the "Return" only takes into account those societies which were working on January 1st., 1914, ignoring absolutely those which for one reason or another had ceased to exist.

We know that the oldest of these societies is that which was founded in 1864 in Petrograd, the capital of the Empire, under the name of the "Petrograd Premier Society of Mutual Credit". The second (dating from 1866) in chronological order was established at Kharkov, the chief town of the province of the same name in an eminently agricultural centre. The third, founded two years later, is also in a large town of an

agricultural district, viz. Odessa. The fourth, dating from 1860, is notable as not being in a large city, but in the market town of Borisoglebsk, in the province of Tambov. The fifth was founded in the same year at Rostov on the Don.

It is clear that the advantages of the new institution were first appreciated in the vast agricultural region of the south of the Empire. The table given below indicates year by year, and separately for the two periods of 25 years forming the half century now under consideration, the further development of these societies. The attentive reader will without difficulty extract from this a supplementary series of interesting facts.

*Progressive Development of Mutual Credit Societies in Russia. (1864-1914).*

Year	Capitals	Chief Towns of Provinces	Small Towns and Country	Total for the Year	Total Increase	Year	Capitals	Chief Towns of Provinces	Small Towns and Country	Total for the Year	Total Increase
1864	1	—	—	1	1	1889	—	—	—	—	86
1865	—	—	—	—	1	1890	—	—	—	—	86
1866	—	1	—	1	2	1891	—	—	—	—	86
1867	—	—	—	—	2	1892	—	—	—	—	86
1868	—	1	1	2	4	1893	—	—	—	—	86
1869	1	2	2	5	9	1894	—	—	1	1	87
1870	—	3	1	4	13	1895	1	2	—	3	90
1871	1	4	1	6	19	1896	—	1	—	1	91
1872	—	5	4	9	28	1897	—	2	—	2	93
1873	—	10	8	18	46	1898	—	2	4	6	99
1874	—	6	6	12	58	1899	—	5	8	13	112
1875	—	2	7	9	67	1900	—	4	16	20	132
1876	—	2	1	3	70	1901	—	1	18	19	151
1877	—	—	—	—	70	1902	1	4	14	19	170
1878	—	—	—	—	70	1903	—	5	16	21	191
1879	—	1	1	2	72	1904	2	3	17	22	213
1880	—	3	2	5	77	1905	—	2	15	17	230
1881	—	2	5	7	84	1906	1	5	24	30	260
1882	—	—	1	1	85	1907	3	9	26	38	298
1883	—	—	1	1	86	1908	3	14	50	67	365
1884	—	—	—	—	86	1909	4	10	85	99	464
1885	—	—	—	—	86	1910	10	9	116	135	599
1886	—	—	—	—	86	1911	7	16	146	169	768
1887	—	—	—	—	86	1912	3	21	131	155	923
1888	—	—	—	—	86	1913	1	15	169	185	1,108
Total	3	42	41	86	—	Total	39	172	897	1,108	—

The number of members of the various societies of mutual credit on the first January of the current year varied from 49 in the Society of Kologrywo in the province of Kostroma to 8,113 in the "Petrograd Premier Society of Mutual Credit" already more than once referred to as the oldest of all. But this does not by any means signify that the number of members depends on the age of the societies. The best proof to the contrary is that the society of Kologrywo, which, as just stated, is the smallest of all, is nevertheless one of the oldest, having been founded in the year 1875. In this particular case, the limited number of the members may be explained by the small population to be found in a remote district, in others the reason is the special character of the society, as, for example in the case of the "Mutual Credit Society of Proprietors of Real Estate" of Moscow, which has only 97 members.

On the whole, the Russian credit societies have relatively many members. The average number is 379 and though it is true that 44 societies have less than 100 members, there are on the other hand 138 which have more than 1,000. The local division of these is worthy of notice :

Societies comprising more than		Capitals	Large Towns	Provinces	Total
1,000	members	8	48	52	108
2,000	"	1	8	6	15
3,000	"	1	2	2	5
4,000	"	—	3	4	7
5,000	"	—	—	1	1
6,000	"	1	—	—	1
7,000	"	—	—	—	—
8,000	"	1	—	—	1
Total		12	61	65	138

Let us observe that some of the larger mutual credit societies are to be found in cities, such as Odessa and Lodz, which, though under provincial administration, are not considered of less importance than the chief urban centres of Russia, yet it is not the less true that others of these large societies are purely rural in character. Such, for instance, is the Society of Gadiatsch in the province of Poltava, with 4,351 members, and that of Potschaevo in Volhynia with 4,510 members. In general, and these two cities may serve as examples to prove it, the number of members of the associations of mutual credit is in direct relation with the more or less agricultural character of the locality in which they are established. From consideration of the number of members of these societies, we shall pass to their relative importance according to the total balance sheets of each, which also show considerable differences.

On the first of January of the present year the total balance sheets of all the mutual credit societies of the Empire, taken *en bloc*, showed an amount of 1,059,695,500 roubles, that is in round numbers 2,820,000,000







francs, giving an average of 956,680 roubles, that is 2,545,620 francs, for each of the 1,108 societies.

Taking the various balance sheets separately, the first place must be given to the "Society of Mutual Credit of Merchants of Moscow" which showed an amount of 64,500,000 roubles, that is to say 172,000,000 francs. On the other hand, the lowest place belongs to the "Society of Mutual Credit of Kolpino" (Province of Petrograd) founded in 1913, which shows no more than 4,100 roubles.

Nevertheless, we may observe that such differences from the average are relatively rare. Those societies which have done a business of more than 10,000,000 roubles are only *eleven* in number, and one of these, the "Premier Petrograd Society of Mutual Credit", only did a total business of 36,000,000 roubles. Similarly, the number of societies that have done a very small business, of less than 10,000 roubles, is only *seven* altogether. And the fact that all of them were founded in the course of the year 1913 is a certain proof that this small business is only a temporary matter and due to the societies in question not having had time to develop.

Altogether and in spite of some very considerable but exceptional differences, the amount of business done in the large majority of the Russian mutual credit societies varies comparatively little from the average of 956,680 roubles given above. Thus, the total number of societies that have a business of more than 1,000,000 roubles, that is to say exceeding the average by about 50,000 roubles, is hardly 229.

Of these 229, 26 work in the two capitals, 100 in chief towns of provinces and the rest, 103, in small towns, hamlets and country districts, showing once more the considerable part played by the mutual credit societies in Russian rural life.

Let us close this brief account of mutual credit in the Empire of the Tsars with the following tables which will complete the general information in regard to the development of these institutions during the last three years and their balance sheets for the first of January of the current year.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

### GENERAL.

DUGARÇON (A.). : Le Blé et le Pain. Coopération et intégration (*Corn and Bread. Co-operation and Integration*). "Revue d'économie politique." Paris, No. 3, May-June, 1914. page 289 and No. 4. July-August, 1914, page 421.

Defining economic integration as the "union of the various successive processes of production and sale of a product in one harmonious whole," the Author passes on to examine the attempts made in the various countries to apply the principle in the production and sale of bread, on the part of the millers and dealers in alimentary produce and also of the bakers, the consumers of bread and the grain farmers. An ample study is made of the work of the co-operative mill and bakery of Condom (Gers).

### CANADA.

HANDBOOK OF WOMEN'S INSTITUTES with Report of Advisory Board. Province of British Columbia. Department of Agriculture (Women's Institutes). Bulletin No. 54. Printed by Order of the Legislative Assembly of British Columbia, Victoria, 1914, 208 pp., 8vo.

Everyone who sympathizes with the North American *Women's Institutes*, working for the intellectual and economic progress of the women of the agricultural classes and the improvement of the conditions under which they live, must be interested in this publication of the British Columbian Agricultural Department. If it is not a handbook in the strict sense of the word (as the systematic treatment of the matter, proper to handbooks, is not to be found in it), it is a most interesting collection of statistics, returns, reports of meetings, rules of associations and laws and decrees regulating them. A glance through the book will reveal all the modest but valuable work of these associations, which occupy themselves with the health of the houses, the diffusion of methods for the facilitation of household duties and for obtaining better returns from poultry improvement and beekeeping; and will be above all convinced of the immense

advantage these associations may have for women who have but shortly immigrated to a new country such as British Columbia. In fact these institutions have helped them, in places far from the large centres of population, to form acquaintances and friendships based on active and honorable co-operation.

#### NORWAY.

OVERAAE (HANS): *Samvirkte foretagender i Norge (Co-operative Institutions in Norway)*. Published by the "Kgl. Selskap for Norges Vel," Kristiania, 1914, pp.143, 8vo. illustrated.

As co-operation in Norway meets with many obstacles owing to the nature of the country, the sparse population, and the difficulty of transport, it has not developed to the same extent there as in the other Scandinavian countries. However, it is not on that ground less deserving of consideration, for even in Norway the results attained by the co-operative institutions have been very considerable. This is shown in the book on Norwegian Co-operative societies we have before us. Of the co-operative societies for production in 1912-1913, the dairies and cheese dairies alone did a business of 26,000,000 crs.; of the co-operative purchase societies, the "Landhusholdingsselskaperne Fælleskjøb" alone did a business of 6,662,151 crs. Altogether the total business done by all the societies in the year was 62,374,298 crs.

Overaae's book gives a simple but clear and orderly description of the work of the various Norwegian Co-operative institutes, whether for production, purchase, sale or consumption. A special chapter is devoted to the Cristiania "Farmers' House," the splendid edifice built for the head quarters of the principal agricultural associations of Norway.

The book begins with a brief introduction giving the information required for an understanding of the historical development of the Norwegian co-operative societies and at the end are two diagrams showing the distribution of the co-operative societies in the various parts of the country.



## Part II: Insurance and Thrift

### SWITZERLAND.

#### DEVELOPMENT OF AGRICULTURAL INSURANCE IN RECENT YEARS,

by Dr. G. Rocca.

In the 32nd. volume of this *Bulletin* (1) a full account was given of the work of the agricultural insurance societies in Switzerland in 1911, according to information obtained from official reports and private sources; in the following pages we shall complete the above account, with the help of additional statistics given in the last report of the Federal Insurance Office for 1912 or kindly supplied to us by the most important Swiss hail insurance Society, the *Société Suisse* of Zurich.

It will be well to remember that the two principal branches of agricultural insurance undertaken in Switzerland are hail and livestock insurance; hail insurance, however, is undertaken by private businesses alone, while by the side of the private livestock insurance businesses, there are public cantonal insurance institutes with which the farmers are obliged by law to insure their livestock. We shall principally occupy ourselves with the work of the private societies.

The societies undertaking these two branches of insurance have all taken the legal form of mutual societies; in August, 1912, the Federal Council authorized a German Society, limited by shares, the "Perleberger", to insure livestock in Switzerland, but only in 1913 did it actually commence operations in the territory of the Confederation.

We must further say that, except for the associations, the sphere of action of which is limited to certain districts, all the private agricultural

(1) No. 8, August, 1913, page 69.

insurance undertakings are regulated, like the rest insuring life and insuring against losses, by the law of June 25th., 1885, which subjects them to the control of a Government Office with headquarters at Berne, and the law of April 2nd., 1908, which establishes the principal conditions of policy in a manner from which no variation is allowed.

In order to be authorized to work in Switzerland, the private insurance societies must submit to the Federal Council documents showing the fundamental basis and the general conditions of their work; thus, for example, they must show whether they have foundation capital, present a copy of their rules, and specially state whether the persons assured or arranging insurance are liable for all the losses of the year and in what degree. Further, hail insurance societies, like livestock insurance societies, must inform the Federal Council in regard to the principles on which they proceed in calculating the reserve fund to meet losses already reported, but not yet entirely compensated at the end of the year, and the refunds to be made on premiums not yet due and on premiums paid in advance.

Once authorized for work, an insurance society must every year present a report to the Federal Council, showing the progress made by the society during the year, the amount of the premiums collected, the number of disasters reported and the amount of claims paid, the area covered by the operations, and the amount of the reinsurance business. With this report there must also be presented the profit and loss account and the balance sheet. Finally, all the insurance societies and their general representatives must, by article 8 of the 1885 law, at the request of the Supervision Office, provide further information in regard to every branch of their administration and present their books and registers for inspection. By the same law contravention of the above rules is punishable by heavy fines and even by arrest.

The reports of the Federal Office for the Supervision of Private Insurance Businesses do not, however, only give bare statistics, but contain important observations on the problems of technical and legal nature of greatest interest for students and for practical insurance men. The 27th. report furnishes information in regard to the work done by the various insurance societies of Switzerland in 1912.

### § I. LIVESTOCK INSURANCE SOCIETIES.

For many years the insurance of livestock has only been undertaken by mutual societies: the *Mutuelle Chevaline Suisse* (Swiss Horse Society) of Lausanne, the *Badische Pferdeversicherungsanstalt a. G.* (Baden Horse Insurance Institute, Limited by Shares, of Carlsruhe and the *Garantie fédérale* (Federal Guarantee) of Paris.

The two first only insure horses, the third also horned cattle and sheep. The principal risks against which these societies insure are: the death of the animal, in consequence of disease, of accident, of operations performed



by a licensed veterinary surgeon or castration; slaughter, when a disease or accident renders the animal useless, or when ordered by a competent authority (the board of management of the society or a licensed veterinary surgeon); and, finally, diminution of value owing to disease or accident, rendering the animal unfit for the special use which it served, according to the insurance policy, without its slaughter being necessary.

The financial results for the year 1912 were better than those for the preceding year. The policies at the end of 1912 represented altogether an amount of 16,102,775 frs. (against 16,486,985 frs. at the end of 1911, and 16,091,418 frs. at the end of 1910); against this slight decrease in 1912 on the amount shown for 1911, we may, however, place an increase in that of the premiums collected (635,972 frs. in 1912, 619,727 frs. in 1911). The claims paid amounted to 482,214 frs., varying little from those for the two preceding years.

As in 1910 and 1911, the bad quality of the cattle food contributed to increase the number of losses, especially through colic and diseases of the digestive organs; there was also an increase in the number of animals suffering from old age and tuberculosis, whilst that of the horses affected with asthma, exceptionally high in 1911, in 1912 hardly exceeded the average.

The report of the Federal Office shows that the *Mutuelle chevaline suisse* was able again in 1912, as in the preceding year, to pay the policy holders suffering losses 75 % of the amount assured, in accordance with the conditions of the policies, without having to call for supplementary premiums. Since its foundation (1901) up to the present day the society has had no need to resort to such a measure in order to pay claims. In 1912 it was even able to place 964.80 frs. to the reserve fund and reduce its working expenses as compared with the preceding year (in 1911, these were 20.8 % of the premiums; in 1912, 20.3 %). The number of horses insured was 374, for a total amount of 471,705 frs.

The *Badische Pferdeversicherungsanstalt a G.* was also able to manage without calling for supplementary premiums, and placed an amount of 32,388.86 frs. to the reserve fund. The horses insured in 1912 were 243, for an amount of 529,954 frs. The working expenses for the year amounted to 19 % of the premiums.

The *Garantie fédérale* claims from its members exemption from payment of 20% of the amount assured, so that in cases of loss the compensation can never exceed 80 % of the amount assured. In 1912, the average compensation paid both for horses and horned cattle was hardly 57.6 %. The report adds that this extremely low percentage is a consequence of the high working expenses of the society; in 1912 they came to 42.5 % of the premiums. It is enough to compare this amount with those already given for the other two societies, to convince ourselves how high these working expenses are. The society transacts business also in France, Algeria and Belgium, and in the last mentioned country it was able to pay claims to the amount of 80 % of the value assured.

TABLE I. — *Livestock**Insurance Societies in 1912*

	(a) Profit and Loss Account			(b) Balance sheets			
	<i>Mutuelle chevaline</i>	<i>Badische</i>	<i>Garantie Fédérale</i>	<i>Mutuelle chevaline</i>	<i>Badische</i>	<i>Garantie Fédérale</i>	
	<i>Suisse</i>	<i>Pferdeversicherungs</i>		<i>Suisse</i>	<i>Pferdeversicherungs</i>		
	fr. c.	fr. c.	fr. c.	fr. c.	fr. c.	fr. c.	
<i>Revenue.</i>							<i>Credits.</i>
Brought Forward from Previous Year . . .	—	—	176.64	7,000.00	—	—	Guarantors' Bonds.
Reserve Fund for Current Risks . . . . . (1)	—	449,190.25 (2)	16,000.00	55.30	4,672.44	3,574.55	Cash.
Reserve Fund for Claims . . . . .	7,400.00	47,146.53	—	—	453,874.35	—	Mortgage Bonds.
Premiums Collected . . . . .	221,849.30	1,217,714.82	823,681.65	—	8,967.00	—	Loans on Pledge
Profits on Investments . . . . .	369.10	22,730.20	3,520.30	8,692.50	143,306.87	98,595.50	Securities.
Policy Dues . . . . .	4,997.00	4,530.88	—	7,100.00	8,393.75	9,211.50	Deposits as Security.
Other Revenue . . . . .	—	51,163.35	31,380.00	3,017.25	11,187.50	824.20	In Banks.
				8,388.20	103,696.12	154,165.22	Agents and Policy Holders.
Total . . . . .	234,615.40	1,783,568.53	874,758.59	—	606.61	60,654.07	Various Debtors.
<i>Expenditure.</i>				—	9,974.25	—	Interest and Rent Due.
Claims Paid . . . . .	176,878.30	939,359.02	491,117.76	4,189.85	10,000.00	—	Furniture and Stock.
Commission and Agency Expenses . . .	22,395.25	129,434.41	141,434.73	—	28,347.24	7,225.00	Miscellaneous Credits.
General Expenses and Taxes . . . . .	22,638.40	102,445.60	208,696.09	—	—	—	Profit and Loss Account (Debit Balance).
Losses through Fall in Value of Securities . .	1,148.75	3,650.63	—	—	—	—	Total.
Reserve Fund for Current Risks . . . . . (1)	—	458,860.63 (2)	20,000.00	—	—	—	
Reserve Fund for Claims . . . . .	9,000.00	53,096.25	—	—	—	—	<i>Debits.</i>
Sinking Fund . . . . .	1,589.90	2,951.70	—	15,000.00	—	—	Share Capital.
Other Expenses . . . . .	—	(3) 32,388.86	13,509.11	10,000.00	178,934.69	97,402.17	Regulation Reserve Funds.
				—	30,847.24	—	Special Reserve Funds.
Total . . . . .	233,650.00	1,722,187.19	874,758.59 (1)	—	158,860.62 (2)	20,000.00	Reserve Fund for Current Risks.
				9,000.00	53,096.25	—	Reserve Fund for Claims.
Credit Balance . . . . .	964.80	61,381.34	—	—	—	928.21	Commissions and Other Expenses to be Paid.
Debit Balance . . . . .	—	—	—	4,503.10	—	11,152.91	Various Creditors.
				—	—	211,166.75	Miscellaneous Debits.
				—	61,381.34	—	Profit and Loss Account (Credit Balance).
<i>Distribution of Profits:</i>				—	—	—	
To the Regular Reserve Fund . . . .	964.80	61,381.34	—	38,503.10	779,120.14	340,250.04	Total.

(1) The Society has no reserve fund for current risks, as the insurance year corresponds with the Working

(2) These figures refer only to contracts passed in Switzerland.

(3) Placed to the Reserve Fund.

In this table showing the profit and loss accounts and the balance sheets of these three societies, the financial results for the year 1912 are clearly shown; the figures refer to the whole of the business, and thus include transactions conducted in Germany, in the case of the *Badische Pferdeversicherungsanstalt* and those conducted in France, Algeria and Belgium in the case of the *Garantie Fédérale*.

It is also worthy of remark that the *Mutuelle chevaline* invests all its available funds (15,852.50 frs.) in State guaranteed securities, while the *Badische Pferdeversicherungsanstalt a G.*, out of a total amount of 151,700.62 frs., invests 94,183.12 frs. in Government securities and 57,517.50 frs. in bonds issued by banks, railways and other industrial societies and the *Garantie Fédérale*, out of a total of 107,807 frs., invests 82,655 frs. in State guaranteed securities, 22,416 frs. in communal or departmental bonds and 2,736 frs. in other securities.

As already mentioned, livestock insurance is undertaken not only by the three above named societies, but also by numerous local societies, not under the supervision of the Federal Office, but dependent on the cantonal authorities. In the study published in the 32nd. number of this Bulletin (August, 1913), we gave the revenue and expenditure of 321 local livestock insurance societies of the canton of Berne, as an example of the financial results of this form of organization.

It must also be remembered that by the federal law of December 22nd., 1893, for the improvement of agricultural conditions, when a canton or an association of owners of livestock decides that insurance shall be made compulsory in a special territory (commune, district or canton), the Confederation shall grant, through the medium of the cantons, subventions equal in amount to those the same cantons grant to the local banks. In 1912 as many as 17 cantons profited by this and received subventions; some of them simply made insurance compulsory and ordered that an insurance society should be formed for the purpose in every commune or group of communes, others made insurance compulsory in the territory of the canton, or in a district or commune when the majority of the farmers concerned, united in an association, pronounce themselves in favour of this form of organization. The subventions of the cantons to the local banks vary from 20 % to 30 % of the premiums collected.

In Table II we show the progress made by this insurance in the various cantons and the amount of the cantonal and federal subventions. It is reproduced from the report of the Federal Department of Commerce, Industry and Agriculture; in the case of the cantons for which the report does not show the amount assured, the Federal Insurance Office has made an approximate calculation based on the average for the other cantons. The average value of large livestock per head was fixed at 500 fr.; that of small livestock at 85 fr.; that of a goat at 36 fr. From the table we see that the businesses subventioned chiefly insure large livestock or horned cattle; in 1912 the amount insured on large livestock was 388,150,258 frs.; on small livestock and goats 2,531,504 frs.

TABLE II. — Subventions Granted for Livestock Insurance in 1912.

Cantons	Amount Assured	Animals Insured	Number of Disasters	Claims		Cantonal Subventions		Federal Subventions Credit for 1913
				Total	Per Disaster	Total	Per Head	
				Fr.	c.	Fr.	c.	Fr.
1. Zurich	53,095,975	100,719	3,737	811,507.00	217	180,195.02	1.85	192,262.47
Small Livestock	1,323,715	10,454	757	27,509.75	36	6,047.45	—37	
2. Berne	107,491,500	214,983	5,097	734,770.09	131	214,983	1	215,753.40
Small Livestock	327,420	3,852	208	5,008.89	24	770.40	—20	
3. Uri	6,159,020	11,169	388	91,849.26	237	30,795.08	2.75	30,795.08
4. Glarus	6,292,145	12,083	437	87,192.40	200	20,000	1.65	20,000
5. Fribourg	35,953,279	67,212	1,093	151,030.52	90	53,769.60	—80	53,769.60
6. Solothurn	18,474,117	40,878	1,931	145,762.87	141	40,853	1	43,337.60
Goats	301,408	7,070	470	10,662.11	22	2,484.60	—32	
7. Bale (City)	808,000	1,610	57	10,059.10	282	4,673.50	2.89	4,763.50
8. Bale (Country)	7,933,500	15,867	447	45,492.77	102	15,867	1	15,963
Goats	8,640	240	4	101.70	25	96	—40	
9. Schaffhausen	6,498,075	11,111	393	113,789.12	289	28,405.53	2.50	30,732.44
Small Livestock	318,485	3,329	219	9,311.64	42	2,326.91	—70	
10. Grisons	34,032,504	68,004	1,721	503,179.84	292	126,986.97	1.87	126,986.97
11. Aargau	3,4105,500	68,211	1,873	163,135.38	87	68,211	1	71,709
Goats	251,856	6,996	426	7,259.12	17	3,498	—50	
12. Thurgau	26,883,500	53,767	2,677	375,279.57	140	53,767	1	59,931
Livestock more than 1 year old	1,047,880	12,328	215	12,560.72	58	6,164	—50	
Livestock less than 1 year old	1,933,644	6,260	134	23,972.60	172	4,181.44	—67	4,181.44
13. Ticino	28,698,108	60,116	1,287	208,904.03	209	68,365.50	1.14	68,365.50
14. Vaud	7,508,357	22,157	502	89,415.70	178	22,157	1	22,157
15. Valais	4,386,000	8,772	175	26,093.39	149	2,659.32	—87	7,659.32
16. Neuchâtel	6,189,154	10,245	313	55,420.97	177	20,490	2	20,490
17. Geneva	388,150,258	785,498	2,687	3,715,121.92	163.75	973,523.96	1.24	988,797.32
Total (2)	2,531,594	38,541	2,090	59,913.51	28.67	15,273.36	—40	
General Total	390,681,852	824,039	24,777	3,775,035.44	152.36	988,787.32	1.20	988,797.32

1. Approximate figures. (2) A. Large Livestock, Horned Cattle, B. Small Livestock. Goats.

1. Approximate figures. (2) A. Large Livestock, Horned Cattle, B. Small Livestock, Goats.

The above table further shows that the average amount of the cantonal subvention was 1.24 fr. per head of large livestock insured and 0.40 fr. per head of small livestock or per goat. The general average was 1.20 fr. per head and the Confederation, for its part, contributed an equal amount. Last year the general average was slightly higher, 1.24 fr. per head of livestock (1.30 fr. per head of large and 0.41 fr. per head of small livestock).

## § 2. HAIL INSURANCE SOCIETIES.

For many years hail insurance has been undertaken by only two national mutual societies: the *Société Suisse d'assurance contre la grêle* (Swiss Hail Insurance Society) of Zurich and the *Paragrêle* of Neuchâtel. The first transacts business in the whole territory of the Confederation and insures all agricultural produce; the field of the second is limited to the canton of Neuchâtel and it only insures vineyards.

The report of the Federal Supervision Office declares that the weather in the year 1912 was exceptionally varied. "An extraordinarily mild winter, almost without snow storms. March even warmer, with plentiful rains introducing a very early spring, arrested by cold and dry weather in April. May and June were as usual. The summer was very variable, rainy and cold and various crops suffered considerably. October and November were rather cold. Finally, in December the weather was temperate and rainy.

Under these circumstances the year did not present serious hail risks. The statistics of the Swiss Meteorological Office show that in 1912 the hailstorms were about half as many as in the preceding year. Heavy hail was registered for only 22 days: 518 communes suffered. The storms were distributed over 210 districts. We must also take into consideration the local hailstorms only damaging one or two communes; storms limited in this way were registered as occurring on 21 days and 39 communes suffered. However, the above number of communes is not to be taken as the actual total; it is arrived at by adding up the number of the various communes (or districts) affected by each storm; and so a single commune (or district) may be counted more than once."

In 1912, the heaviest hailstorms occurred on June 6th. (in the territory of 41 communes), June 23rd. (48 communes), July 6th. (47 communes) July 28th. (125 communes) and August 10th. (57 communes). In 1913, as reported by the management of the *Société Suisse*, hailstorms were very numerous in the territory in which this society works, 499 communes suffered, 355 in a single day; there were two days of hail in 101 communes, 3 days in 30, 4 days in 7, 5 days in 2, 6 days in 1, 7 days in 2 and 8 days in another. The earliest losses were reported on April 5th. and the latest on September 14th., and that day the losses were heaviest: in fact in this year, 1913, the heaviest hailstorms occurred on:

May 31st. . .	losses estimated at	102,661.40	frs.	(915 reports).
July 27th. . .	" " "	45,285.10	"	
August 29th. .	" " "	67,425.40	"	
September 1st.	" " "	70,798.90	"	(715 reports)
September 14th.	" " "	221,956.70	"	(1,676 reports)

Altogether the *Société Suisse* registered 60 days of hail in 1913 (44 in 1912) as follows:

April . .	3 days with losses estimated at	frs.	83.00
May . .	11 " " "	" " "	180,629.90
June . .	15 " " "	" " "	59,378.90
July . .	11 " " "	" " "	107,613.50
August .	12 " " "	" " "	132,737.10
September	8 " " "	" " "	301,243.30
<hr/>			
Total . .	60 days with losses estimated at	frs.	781,684.70

The cantons in which the losses were most serious were those of Berne and Lucerne (in which the claims amounted respectively to 292, 501.70 frs. and 183,837 60 frs); an exhaustive study on the geographical distribution of hail in Switzerland has been published by Dr. Maurer, Director of the Central Meteorological Office of Zurich, and some of the conclusions come to by him were reproduced in an article published in the 34th. volume of this *Bulletin* (October 1913, p. 51). In 1912 the total amount of the claims paid by the *Société Suisse* was 650,840.80 frs., which is far less than in 1913; again, in 1912 about three fourths of the losses during the entire year were due to only four days of hail (June 6th. and 23rd., July 28th., and August 10th.). As the reports of losses accumulate in this way in a few days, the work of estimation becomes more difficult and, both in 1912 and in the following year, it had often to be interrupted, owing to persistent rains; besides, in the case of certain kinds of produce, such as fruit, grapes and cattle foods, controversies often arise in regard to the estimated yield.

The following figures show the progress made by the *Société Suisse* in the three years, 1911-13:

(a) *Société Suisse* :

	1911	1912	1913
(1) Number of Policies	61.93	65.361	63.407
	frs.	frs.	frs.
(2) Amount Assured .	71,322,080	79,857,960	71,173,020
(3) Premiums Collected	1,138,311.80	1,353,783.60	1,049,823.70
(4) Claims Paid . . .	1,419,553.10	650,840.80	781,684.70

From the above figures we see that 1912 was a good year for the society; in 1913, however, there was an appreciable decrease in the amounts assured and, consequently, in the premiums collected; the decrease in the amounts assured was specially observable in the case of fruit, 5,365,380 frs., vines, 2,897,180 frs. and grain, 1,674,100 frs.; already in the previous year there had been a great decrease in the number of vineyards insured, which proves the seriousness of the crisis through which Swiss agriculture is passing. In 1913, there was an increase in the amounts assured on cattle foods (1,014,524 frs.), vegetables (174,800 frs.), potatoes, other hoed crops and miscellaneous produce (74,020 frs.).

The average amount assured per policy decreased from 1,222 frs. in 1912 to 1,122 frs.; and this is easy to understand when we remember that 1913 was a bad year for Swiss agriculture in every respect, meteorological, agricultural and commercial.

For the *Paragrèle* we shall only give the figures for 1911 and 1912.

(b) *Paragrèle* :

	1911	1912
(1) Number of Policies . .	677	604
	frs.	frs.
(2) Amounts Assured . .	718,210.85	661,386.65
(3) Premiums Collected .	86,355.30	39,807.20
(4) Claims Paid . . . .	171,328.80	3,785.80

The reserve fund increased from 92,775 frs. in 1911 to 133,500 frs. in 1912; like the *Société Suisse*, the *Paragrèle* has no reserve against current risks, as the insurance year and the working year terminate at the same date. It placed 3,456.45 frs. to the reserve fund for claims in course of settlement; the commissions and agency expenses amounted in 1912 to 1,334.15 frs.; the general expenses including taxes to 3,796.68 frs.; the proportion of the amount of the commissions and expenditure to that of the premiums collected was 12.9 %. We shall return to the subject of the financial conditions of the *Société Suisse* in the following section.

The report of the Federal Office, finally, shows the subventions granted by the Cantons and the Confederation for the extension of hail insurance, in terms of art. 13 of the federal law of December 22nd., 1893, on the improvement of agriculture, and art. 76 of the Regulations of July 10th., 1894, for the application of the law.

The subvention given by the Confederation is intended for those cantons that facilitate and encourage the extension of hail insurance, undertaking to pay the cost of the policies on their own account, contributing to the payment of premiums or constituting a reserve capital. The federal subvention may never exceed the amount granted by the canton.

In 1912 the cantons that granted subventions were 21; only four, Uri, Glarus, Ticino and Grisons gave none, and thus the farmers insuring their produce in these cantons received no subvention from the Federation.

Generally, the cantons undertake on their own account to pay the costs of the policies or a part of the premiums (varying from 15 % to 40 %), and the Confederation repays them half the amount of this expenditure, as is seen in Table III :

The development of hail insurance encounters special difficulties in Switzerland. Dr. Rohrbeck in his book on the organization of hail insurance has given an excellent summary of them : while, on the one hand, the risks of hail are exceptionally serious in this country, on the other, the cultivated area to be insured is very small.

The total area of Switzerland is a little more than half that of Bavaria. In addition, the constant increase of livestock improvement leads to a diminished cultivation of grain, but grass and cattle foods suffer little from hail and consequently in the regions least exposed to it the necessity of insuring them is not even felt, while, if the cultivation of grain is decreasing, on the other hand, there is an increase in the cultivation of fruit, and vegetables and vines. Those products must, therefore, be insured that are very easily damaged by hail or afford the farmer a good revenue. Consequently, in Switzerland a diminution in the amounts assured causes the amount of the premiums to vary considerably.

The history of hail insurance in Switzerland is, therefore, singularly instructive. A mutual society was founded in 1825 at Berne, but it was always in financial difficulties and in 1850, owing to the competition of foreign societies, it had to go into liquidation. The fate of a society founded at Lucerne in 1836 was similar, notwithstanding that the Canton had granted it an annual subvention, first of 1,200 frs. and then of 2,000 frs. In 1857, it ceased working, never having been able to pay the claims on it in full. Similarly, a Government institute, enjoying a monopoly, founded by the canton of Fribourg in 1847, was obliged in 1880 to yield the field to foreign societies; experience showed that the territory of a canton was too restricted for a strong insurance institute.

Between 1850 and 1880 hail insurance was undertaken in Switzerland chiefly by foreign, German and Austrian, societies; the field of the *Magdeburger*, a society limited by shares, was exceptionally large. But the idea that a national mutual society would more easily win the confidence of the farmers was not slow in making its way, although another cantonal society for the insurance of vineyards, the *Paragrêle*, which is still working to-day, was founded in 1875, and favourers of a cantonal institute were not lacking, even in the canton of Zurich.

In 1879 there was founded in Zurich what was called a committee of intercantonal initiative to start active propaganda among all the Swiss agricultural associations in behalf of the constitution of a national mutual society and, on April 4th., 1880, the *Société Suisse* was definitely constituted.

Finally, before we give the chief principles sanctioned in the rules and the conditions of insurance in this society, it will be well to remark that as far back as 1880 it was proposed by some to make insurance against hail in public cantonal institutes or private societies compulsory by law. This idea, rejected by the Commission entrusted with the constitution of the



TABLE III. — Subventions Granted for Hail Insurance in 1912.

Canton	Policies	Amount Assured	Premiums	Cantonal Subventions			Federal Subventions
				(a) Expense of Policies	(b) Premiums	(c) Total	
		frs.	frs.	frs.	frs.	frs.	frs.
1. Zurich . . . . .	5,466	5,448,500.—	128,385.70	10,828.70	32,096.27	42,924.97	21,462.48
2. Berne . . . . .	13,701	19,559,330.—	261,858.40	28,028.80	60,768.92	88,797.72	44,698.86
3. Lucerne . . . . .	5,596	12,797,710.—	205,530.30	12,438.80	41,106.06	53,544.86	26,772.43
4. Schwyz . . . . .	919	1,757,190.—	33,256.50	1,731.10	9,979.95	11,708.05	5,854.02
5. Upper Unterwalden . . . . .	291	275,880.—	5,744.50	561.30	1,148.90	1,710.20	855.10
6. Lower Unterwalden . . . . .	546	499,770.—	10,933.80	816.90	2,186.76	3,003.66	1,501.83
7. Zug . . . . .	820	2,127,890.—	38,058.30	1,819.50	11,417.49	13,236.96	6,618.50
8. Fribourg . . . . .	1,815	2,667,240.—	31,169.30	3,464.90	6,233.86	9,698.76	4,849.38
9. Solothurn . . . . .	4,413	3,904,810.—	49,861.20	8,136.80	10,300.98	18,443.78	9,221.89
10. Bâle-City . . . . .	37	98,910.—	1,689.70	74.60	675.88	750.48	375.24
11. Bâle-Country . . . . .	2,673	1,706,730.—	24,532.80	5,179.90	8,256.31	13,436.21	6,718.10
12. Schaffhausen . . . . .	2,522	2,150,840.—	42,703.40	4,405.—	10,339.15	14,744.15	7,372.07
13. Appenzell-Ext. . . . .	819	1,971,410.—	19,006.10	1,515.60	5,701.83	7,217.43	3,608.71
14. Appenzell-Int. . . . .	104	197,010.—	2,377.—	101.—	356.54	460.54	230.27
15. Saint Gall . . . . .	3,602	4,279,060.—	54,106.40	8,293.80	11,920.99	20,214.79	10,107.39
16. Aargau . . . . .	12,153	8,048,740.—	122,936.20	21,615.20	36,610.86	58,226.06	29,113.03
17. Thurgau . . . . .	3,920	3,128,560.—	40,007.—	6,686.—	12,167.42	18,853.42	9,426.71
18. Vaud . . . . .	3,810	6,773,780.—	153,757.90	10,787.10	46,127.37	56,914.47	28,457.23
19. Valais . . . . .	88	74,960.—	3,407.50	234.60	1,022.25	1,256.85	628.42
20. Neuchâtel . . . . .	1,389	1,665,906.70	71,859.75	551.84	28,741.40	29,293.24	14,646.62
21. Geneva . . . . .	677	1,865,550.—	93,707.90	1,530.30	56,224.70	57,755.—	28,877.50
Total 1912 . . . . .	65,421	80,495,106.70	1,303,989.65	129,404.74	393,386.89	522,791.63	261,395.78
" 1911 . . . . .	61,991	72,036,190.—	1,219,585.02	123,241.51	341,579.31	464,820.87	232,410.39
" 1910 . . . . .	60,597	67,984,696.—	1,098,361.35	118,897.25	327,039.35	389,236.60	194,618.27
" 1909 . . . . .	58,791	62,994,283.—	1,000,884.55	115,363.36	237,917.58	353,280.94	176,640.44

*Société Suisse*, has again often been brought forward in later years and two proposals for compulsory cantonal hail insurance, one for the canton of Vaud, the other for that of Ticino, have been amply dealt with in this *Bulletin* (1).

And at the general meeting of the *Société Suisse* in 1913 the question of the advisability or otherwise of making hail insurance compulsory by law was again raised ; but in the report presented at the next meeting in 1914, the management of the Society declared that, in view of the statistics available, if it were desired to make hail insurance compulsory in Switzerland, it would be necessary to make the premiums higher than they are at present in the *Société Suisse*.

### § 3. ADMINISTRATIVE ORGANIZATION OF THE SOCIÉTÉ SUISSE D'ASSURANCE CONTRE LA GRÊLE (SWISS HAIL INSURANCE SOCIETY).

The rules of the "*Société Suisse*", in which the functions of the various executive authorities of the society are defined, have been often revised, in 1892, in 1895 and 1896, in 1898, in 1900, etc.; those now in force were passed at the general meeting of March 21st., 1909, and approved by the Federal Council on April 6th. of the same year.

Some general provisions contained in the first chapter of the Rules, although not properly regarding the administrative organization of the society deserve to be noted. Thus article 1 lays it down that the society, as a mutual association, is regulated by chapter 27 of the Federal Code of Bonds of 1881. " Its object is not to make profits, but only to compensate its own members for losses caused by hail to agricultural produce within the limits of the rules and the conditions of insurance. The capital of the association is the sole guarantee it offers, the members have no personal liability for the obligations of the society. "

By article 3 the operations of the society are limited to the territory of the Swiss Confederation ; at its start, indeed, it extended its business to other countries, especially to Württemberg, Baden and Alsace, but, after the heavy hail storms of 1880, which imperilled the future of the society, it was decided no longer to undertake foreign risks.

Any persons desirous of becoming members must sign a form of application for insurance ; in this they accept the provisions of the rules and the conditions of insurance and undertake to pay the supplementary premiums and taxes eventually necessary to meet the losses and the expenses of the business. Members may be admitted individually or collectively ; in the latter case, which is specially advantageous for small farmers, as they can in this way make a saving on the cost of the policy, special insurance conditions are established, according to the circumstances.

(1) See vol. 26, January, 1913, and vol. 34, October, 1913.

Unless there are vices of form or irregularities in the application for insurance, such as to give rise to serious error, membership commences from midday of the day following that on which the application reaches the management of the Society, before payment of the premium and the costs of the policy. The management may refuse applications for insurance, stating the reasons for such refusal and the applicant may appeal to the Council of Administration.

For resignation, notice of denunciation of the insurance contract must be forwarded before the first of November. The society may also denounce contract within the same term. In the early years of the society the term for denunciation, as in almost all the German societies undertaking this branch of insurance at that date, expired on the first of September. In 1900, the rules were revised and the term extended generally from September 1st. to October 1st.; in the case of members who had suffered losses it was extended to November 10th., and, in that of those whose premiums were increased, to May 15th. of the year in which the increase came into operation. The existing rule, fixing November 1st. as the general limit for the term for denunciation, has extended the right of members to denounce.

The executive authorities of the society are : (1) the general meeting ; (2) the district meetings ; (3) the Council of Administration ; (4) the committee of examiners of accounts ; (5) the managing director ; (6) the agents. We shall not consider the details of their work, but only indicate the special features of the administrative organization of the society, distinguishing it from the majority of insurance societies working in other countries.

The *general meetings* of members are ordinary or extraordinary, the ordinary meetings are called every year, at latest in March, the extraordinary are called in accordance with a decision of the Council of Administration or on the demand of a fifth of the number of district delegates.

The character of public utility enjoyed by the society is confirmed by the manner of its composition ; article 13 of the rules, in fact, declares that " the general meeting shall consist of delegates appointed for three years at the district meetings. The members of the Council of Administration, the examiners of accounts, the managing director, a representative of the Federal Council and one for each of the Cantons that grant subventions, have a right to attend the meeting.

" Only the delegates of the district meetings, the members of the Council of Administration and the examiners of accounts may vote. " We shall hereafter have an opportunity of examining the system of subventions adopted by the Confederation and the cantons for the encouragement of hail insurance ; for the present it is enough to say that, just in consequence of the grant of subsidies to this class of thrift, the cantons also expressed a desire to have representatives on the Council of Administration of the society so as to exercise a certain supervision over its work. So since 1895, the representatives of the cantons have been admitted to the general meeting, with right to speak but not to vote.

The general meeting has to appoint the members of the Council of Administration, and the examiners of accounts, to approve the balance sheet,

to deal with eventual complaints, etc. The delegates to the general meeting have a right to a travelling allowance.

Article 23 of the Rules provides that "special insurance districts shall be created in the various cantons in accordance with the number of the members and the local circumstances." The members resident in the districts unite in *district meetings* whenever circumstances require it, but at least once every three years, in autumn. Every district meeting appoints, for a period of three years, a committee consisting of a president, a vice president and a secretary. The president conducts the current business and calls the meetings.

Every district meeting, when there are not more than 250 policy holders in the district, appoints a delegate to the general meeting together with his deputy; if, in the district there are more than 250 policy holders, two delegates and two deputies are appointed. The delegates are appointed for three years by a majority of the votes of those present. Only members are eligible.

This system of constituting the general meeting of delegates, which we should be glad to see followed by the large mutual societies of Italy, has given good results; in the annual reports of the *Société Suisse* we do not find record of any serious differences among the various groups of members, as often happens in smaller societies (1). The last general meeting held on March 1st., 1914, as always, at Zurich, was attended by 222 delegates,

The number of delegates per district meeting was limited to two in 1892; up to 1895, it was sufficient for the district to have 100 members in order for it to be authorized to send two delegates to the general meeting; in 1895 this number was raised to 200 and in 1900 again to 250, on account of the continued extension of the society and in order not to have too large meetings.

The *Council of Administration* consists of 11 members, appointed for three years at the general meeting, who may be re-elected immediately. If any one of them ceases to be a member of the council during the working year, the next general meeting appoints his substitute, while, by the rules in force previous to the present ones, the Council itself had to substitute him.

Among the duties of the Council of Administration, let us mention: the carrying out of the decisions of the general meeting, the examination of the safe, decision as to the amount of the supplementary premiums and eventual contributions to the reserve fund, and also with regard to the investment of the profits and the capital and the conclusion of reinsurance contracts; the division of the sphere of action of the society into insurance districts, the establishment of the conditions of insurance and the premium tariffs, the appointment of the managing director, experts, etc.

(1) In Italy the constitution of delegates' meetings has only been requested in the case of the *tontine Societies* (art. 8 of Law no. 533 of July 7th., 1907).

Every year, in its first session, after the ordinary general meeting, the Council appoints from among its own members a president, a vice-president and a secretary.

The *Committee of Examiners of Accounts* consists of three members and two deputies, appointed for three years at the general meeting. Its duty is to examine the books and the balance sheets and to report to the general meeting on the whole course of business.

Both the members of the Council of Administration and the Committee of Examiners of Accounts have a right to counters for every meeting attended and to the payment of their travelling expenses.

The immediate management of the business is entrusted to a *managing director*, who is appointed by the Council of Administration for a term of 6 years and can be immediately re-elected. He is charged to see that all the provisions of the rules, the insurance conditions and the instructions he receives from the Council are observed and carried out and is responsible for this part of the business. Before 1895, the managing director appointed and dismissed the agents and the experts; since then the Council of Administration is entrusted with the duty.

The managing director represents the society with third parties; for some more important administrative acts, such as the purchase and sale of real estate, constitution and cancellation of mortgages, the grant of loans, the issue of bonds or bills of exchange, the conclusion and denunciation of contracts of reinsurance or lease, proceedings at law, etc., authorization in writing from one of the members of the Council of Administration is required.

The staff is not numerous, since in 1913 the total amount paid in salaries was not much more than 50,000 frs.; besides the managing director, there is a vice-director, a chief accountant and about ten other officials; in the period of greatest activity, when the contracts are being renewed or losses being reported, temporary assistance is obtained.

In order to obtain new members, every insurance business has to make use of paid agents who inform the public of the advantages of a particular kind of thrift, and, by persistence and suggestion, induce people to insure. In the competition between the various undertakings, the victory very probably falls to the society that has the best group of agents.

Even in this connection the history of the *Société Suisse* is most instructive: in the early years of its activity it had local agents charged to arrange insurance, only indirectly through the principal agencies in the chief towns of the cantons, which were entrusted with the issue of the policies.

But already in 1882, the management, desirous of reducing the working expenses, began to enter into direct relations with the local agencies, keeping the issue of the policies in its own hands.

The experiment was satisfactory. In the report it made out for the 25th. working year, in 1904, from which we derive our information, it is stated that not only by the suppression of the principal agencies was a saving of time and money obtained, but the other agents could be paid at a

higher rate, and their zeal thus stimulated. In special meetings, held in 1889 and 1890, in various cantons, the agents received the necessary instructions for the proper accomplishment of the task with which they were entrusted and the public agencies were all got rid of.

In 1904, in the 21 cantons in which the society worked, there were 289 agencies. Whilst up to 1900 they were not obliged to give any guarantee, article 46 of the existing rules requires them to give security for the collection of the premiums with which they are entrusted. The amount is fixed by the Council of Administration.

The number of agents varies in the different districts according to the requirements; they are bound to answer questions with regard to tariffs, to give out application forms and receive them duly filled in. They are not authorized to assume obligations or to conclude contracts in the name of the society or to receive reports of losses or denunciations of contracts, valid for the society. The Rules expressly state — and the provision is also inserted in the policy — that if the agent undertakes to draw up proposals for insurance, or to draw up and forward reports of losses, he acts exclusively as the representative of the insured party.

The *Société Suisse* has not a special office with permanent officials for the settlement of claims. As the cases arise, it charges trustworthy farmers to deal with them on their giving security of impartiality and competence; in addition to this, in agreement with the schools of agriculture of the various cantons, it has organized special courses of instruction in estimating damage caused by hail. In 1904 the list of the persons who declared themselves ready to assist in the estimation of damages as experts of the society or representatives of the policy holders included 145 names.

#### § 4. TECHNICAL AND FINANCIAL ORGANIZATION OF THE "SOCIÉTÉ SUISSE D'ASSURANCE CONTRE LA GRÊLE" (SWISS HAIL INSURANCE SOCIETY).

While the principles in accordance with which the society is administered are to be found in the Rules, in the insurance conditions we find indicated the standards adopted by it in the selection of risks, in the establishment of premiums and the settlement of claims; on all these principles the technique of hail insurance is based. It is the result of many years' experience in every insurance undertaking and very often the *Société Suisse* has had to amend and improve, in accordance with the dictates of experience, its insurance conditions, in which the technique of every branch of insurance finds its expression.

It must be further stated that, as already indicated, the federal law of April 2nd., 1908 on insurance contracts contains several provisions in regard to the object of the insurance, the payment of the premium and the estimation of losses, which, as they are of a compulsory nature, cannot be departed from by the contracting parties. The insurance societies working in Switzerland have therefore to bring their insurance conditions into conformity.

with the law, and art. 12 of the conditions of the *Société Suisse* declare expressly that the society has no other obligations in respect to the policy holder beyond those contained in the policy and in eventual schedules, subject always to the imperative provisions of the federal law on insurance contract.

So much premised, we shall give here not all the technical details of the work of the *Société Suisse*, but only some of the principles by which it is inspired, which seem to us most deserving of study, distributing them in three groups, according as they refer to the selection and determination of risks, the payment of premiums and the estimation of losses.

(a) *Selection and specification of risks.* — In the case of grass and cattle foods, it has been decided to make a rule of insuring the whole year's crop, an exact indication being given of the value of each cutting. Each cutting is considered separately as a special crop.

Beetroot whether grown for sugar or for cattle food is only insured from the first of June and the insurance is based only on the quantity and not on the quality of the produce. Up to 1900 this crop were only insured from June 15th.

To prevent the farmers only insuring the crops most liable to suffer from hail, it is laid down that the insurance shall cover all the utilisable portions of the crop, and hence, in the case of grain, also the straw. The value of the straw is fixed as follows: (1) for wheat, rye, (winter and March grains) and spelt at a third of the amount assured; (2) for barley, oats, buckwheat, millet and other March grains, at a fourth; (3) for oleaginous and leguminous plants, maize and cattle foods for seed, at a tenth; (1) at the desire of the policy holder the value of the straw may be reduced.

In the case of vineyards the society does not insure against damage to plants and tendrils, but only the fruit and even in the case of fruit — except as regards table grapes — it only considers the quantity not the quality. In the application for insurance the yield per hectare must be stated; the amount assured is calculated on the value of the wine not on that of the grapes. If the vintage, after being insured, is destroyed or damaged by a spring frost, the policy is cancelled and the premium refunded, provided application be made for it within the 12 days following the frost and that in the mean time the vineyard is not damaged by hail. By this provision the farmer is induced to insure in the early months of the year.

The insurance of vineyards always gives rise to many difficulties and it is in the field of vineyard insurance, and fruit insurance, we find the number of members insuring varies most considerably from year to year; unlike many other societies, the *Société Suisse* insures grapes even before

(1) Compare the rules for insurance of straw in the Bavarian Insurance Institute as shown in the 44th. volume of this *Bulletin* (August, 1914), p. 64.

TABLE IV. — *Amounts Assured on Each Kind of Crop in proportion to the Total Amounts Assured by the "Société Suisse d'Assurance contre la grêle."*

Year	Grain		Cattle Foods		Potatoes		Fruit		Grapes		Total Amount Assured Frs.
	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	Total Frs.	% of Total Amount Assured	
1880	7,264,910	78.81	500,370	5.43	234,260	2.54	207,940	2.91	895,040	9.17	9,218,121
1881	8,390,470	81.40	308,950	3.00	198,940	1.93	370,290	3.59	840,880	8.22	10,308,265
1882	8,577,430	87.73	213,430	2.18	138,020	1.41	213,250	2.18	513,580	5.56	9,777,519
1883	8,591,540	86.94	183,440	1.86	138,990	1.41	245,130	2.48	617,310	6.25	9,881,842
1884	7,835,490	85.33	172,250	1.88	120,990	1.38	241,090	2.63	705,490	7.68	9,182,957
1885	6,346,390	82.07	146,100	1.89	87,530	1.13	192,870	2.50	889,230	11.51	7,725,207
1886	5,294,620	88.23	115,140	1.92	61,280	1.02	98,880	1.65	386,570	6.34	6,000,990
1887	5,289,170	85.74	121,540	1.97	70,960	1.15	171,830	2.78	457,950	7.42	6,168,550
1888	5,136,880	81.58	122,690	1.95	75,170	1.20	439,720	6.98	450,200	7.15	6,296,370
1889	6,257,980	85.20	197,290	2.69	90,930	1.32	239,810	3.26	456,940	6.22	7,344,920
1890	9,075,420	79.18	475,320	4.15	220,240	1.92	620,910	5.42	914,790	7.98	11,461,490
1891	12,979,740	77.00	4,398,650	8.30	356,470	2.11	981,400	5.82	926,060	5.49	16,857,970
1892	15,611,750	76.23	1,845,650	9.01	460,870	2.25	509,600	2.49	1,806,990	8.82	20,479,340
1893	15,790,890	66.48	1,879,586	7.91	440,720	1.85	1,000,290	4.21	4,402,750	18.52	23,766,350
1894	18,773,910	64.12	2,418,830	8.26	465,070	1.59	654,480	2.23	6,657,880	22.74	29,280,050
1895	18,245,350	62.42	2,987,240	9.19	558,280	1.91	811,300	2.78	6,521,030	22.31	29,231,790
1896	19,738,410	58.52	3,176,250	9.42	620,400	1.84	1,064,910	3.16	8,594,110	25.48	33,725,790
1897	20,961,840	60.57	3,470,050	10.48	678,000	2.05	701,360	2.12	7,619,000	23.00	33,123,910
1898	23,203,800	59.85	4,160,110	10.73	752,220	1.90	2,245,870	5.79	7,833,010	20.20	38,767,300
1899	23,437,880	64.30	4,033,350	11.06	765,740	2.10	761,460	2.09	6,848,530	18.79	36,452,820
1900	22,797,850	60.24	4,072,440	10.76	704,600	1.86	2,594,590	6.86	7,032,100	18.63	37,841,500
1901	23,575,470	63.29	4,687,950	12.58	717,700	1.93	1,370,100	3.68	6,196,390	18.63	37,749,900
1902	24,169,350	64.09	4,870,860	12.90	750,510	1.99	1,458,960	3.86	5,744,830	15.21	37,762,160
1903	26,740,200	61.76	5,837,230	13.48	862,550	1.99	1,704,300	3.94	7,271,250	16.79	43,295,820
1904	27,927,010	59.72	6,600,190	14.13	1,294,870	2.77	3,005,080	6.42	6,952,170	14.87	46,765,840



the vines flower, securing its members against disasters that occur even before May 21st.

Fruit is, as a rule, on the contrary, insured from that date; in the application, the number of trees must be shown separately for each farm and each kind of fruit (apples, pears, cherries, etc.).

From the above table published by the *Société Suisse* for its 25th. working year, it will be seen what was the proportion of each crop to the total amount assured, in the years 1880-1904. It is to be observed that, with the diminished cultivation of grain in Switzerland, the amounts assured on grain are also slowly decreasing, whilst increasing amounts are insured on cattle foods and potatoes. In addition to the crops included in the table, the society insures tobacco, every kind of vegetable, garden and market garden produce, etc.

In the applications for insurance, on the forms for which the motto of the society is printed: "One for all, all for one", special indication must be made of the area and boundaries of the farms the crops of which are insured, the harvest anticipated and the amount assured. The insurance must never be a source of financial gain for the policy holder, and so the compensation must never exceed the amount of the value the crops would have had if not damaged by hail. The application must be renewed every year; the first year new members have full liberty to choose which crop they will insure; but in subsequent years the same crops must be insured by the insurer on the same farms.

The farmer is bound to insure all his crops of the same character situated in the same territory of a commune; up to 1895 the policies did not contain this double obligation with regard to the quality and area. The farmer is strictly bound to declare the fact expressly if the crops he wishes to insure have already been damaged by hail during the year in course.

Applications for insurance are accepted up to July 31st. and the insurance takes effect from midday of the day following that on which the application reaches the management, on condition, however, that the premium and policy charges have been paid. It is also attempted to specify the risk in respect of time; even if the new contract for the year in course is not yet concluded, the society binds itself to give compensation for all losses occurring before May 21st., except for damage to fruit, but on the express condition that the new application (in which the value of the crop, as anticipated before the hailstorm, must be shown) must be sent to the society accompanied by the report of the loss. The object of this provision is evidently to maintain in force the contracts passed in the previous year and to prevent denunciations of contract; in addition, whoever renews his insurance at an early date has this advantage that, in case of loss, the compensation is calculated on the basis of the amount assured in accordance with the most recent application, instead of with that for the preceding year and, finally, also the amount of the insured value not compensated is reduced by one half (10 % instead of 20 %). Notwithstanding this, the number of members who did not renew their contracts before the 21st. of May, 1913, and had to report losses was 603.

The losses suffered after the 20th. of May are only compensated if the new contract is already in force; finally, the contract expires every year as soon as the produce is gathered or stacked (in sheaves, ricks, etc.).

The following table clearly shows the length of the period of hail risks in Switzerland and in what months the hailstorms are most frequent and most serious; in Italy the period is much longer, and hailstorms are much the most frequent in April and October.

(b) *Payment of premiums.* — The premiums are calculated on the basis of the statistics of frequency of hail in the various communes and the greater and less liability of the produce assured to suffer from hail.

Some societies also calculate the premium in proportion to the area of the farm assured; the *Société Suisse* fixes it in relation to the amount assured. The produce to be assured is grouped in four classes of risks, according to its liability to suffer by hail, and the premium tariff varies for each class; within each class again, other sub-classes are formed, corresponding with so many degrees of risk. Thus, for example, the premiums for the insurance of grapes vary from a minimum of  $4\frac{1}{2}\%$  to a maximum of  $7\frac{1}{2}\%$  of the amount assured, with five intermediate rates, whilst the foreign societies working in Switzerland before 1885 charged premiums varying from  $3\frac{1}{2}\%$  to  $10\%$  with 7 intermediate rates.

Together with the premium, the expenses in connection with the policy must be paid (1.50 frs.); stamp tax (varying with the cantons) and postage (40 cent.); payment must be made in full at latest, when the policy holder is notified of the arrival of the policy at the agency and it is consigned to him.

We must further note the provision, contained in the conditions of the policy, by which members who for three years have presented no claim have a right to a reduction of from  $5\%$  to  $20\%$  on the first annual premium. In this way even those policy holders who have paid their premiums for some years without receiving any compensation are encouraged to remain in the society and at the same time it is hoped in this way to reduce the number of reports of slight losses that give no claim to compensation, cause the society needless expense and the members only disappointment. In 1912, for example, the premiums were reduced in this way  $10\%$  in the case of 33,874 policies, representing an amount of 55,832.10 frs.

Every year at the end of the season of hailstorms, the Council of Administration makes an investigation in order to see if the revenue from the premiums is sufficient to meet the claims and expenditure; if there is a deficit it decides whether it is necessary to have recourse to a call for supplementary premiums, or to drawing on the reserve fund or to both expedients. The supplementary premium is fixed in proportion to the first net premium and must be paid within 15 days from the date on which notice is sent to the members. It may not be less than  $20\%$  or more than  $100\%$  of the first premium.

Since 1886 the *Société Suisse* has been able to do without such supplementary premiums; but in the early years of its work it was not so. The members had to pay an additional amount of  $40\%$  in 1882 and one of  $50\%$  •

TABLE V. — Compensation Paid for Losses Caused by Hail in the Years 1880-1904 Distributed according to the Months  
(Société d'assurance contre la grêle).

Year	April		May		June		July		August		September		October		Total	
	Days	Frs.	Days	Frs.	Days	Frs.	Days	Frs.	Days	Frs.	Days	Frs.	Days	Frs.	Days	Frs.
1880	—	—	1	936.15	4	14,100.05	12	195,353.60	7	31,452.15	3	3,092.50	—	—	27	244,943.75
1881	—	38,80	2	317.00	9	36,523.20	9	51,132.65	8	34,468.85	4	568.45	—	—	32	123,010.15
1882	1	—	2	4,057.40	7	65,780.95	4	52,584.50	2	2,278.35	2	471.75	—	—	18	125,556.75
1883	—	—	2	332.95	12	39,882.70	15	64,664.85	5	1,157.95	2	649.35	—	—	36	106,687.80
1884	—	—	5	11,354.90	3	2,878.75	13	108,703.55	6	28,801.55	2	309.20	—	—	29	152,047.95
1885	—	—	2	2,381.10	10	218,041.45	3	10,197.40	9	42,537.95	1	31.50	—	—	25	273,189.40
1886	—	—	2	Compensation	9	24,613.10	4	4,840.55	4	1,570.50	4	2,970.65	2	3,569.90	25	37,564.70
1887	—	—	2	could not be given	3	5,235.10	11	136,196.90	5	13,285.85	2	1,735.05	—	—	23	156,452.90
1888	—	—	8	—	8	35,960.40	5	12,067.20	7	3,915.10	3	241.65	—	—	23	52,190.35
1889	—	—	2	3,034.65	8	3,113.30	8	82,772.15	13	6,673.80	4	6,869.55	—	—	35	136,163.45
1890	—	—	6	14,034.50	4	2,598.05	6	8,394.75	13	97,539.95	—	—	—	—	29	122,567.65
1891	—	—	5	7,098.95	9	112,528.20	5	49,571.00	6	24,026.90	2	1,795.80	—	—	27	195,020.55
1892	—	—	1	17,538.20	2	1,145.40	14	140,938.80	6	4,727.40	1	444.60	—	—	24	164,794.40
1893	—	—	7	5,900.40	9	5,391.60	18	143,860.00	10	11,501.90	1	54.00	—	57.20	46	166,795.10
1894	1	36.00	2	3,648.30	2	5,762.40	11	197,968.00	6	109,097.40	7	178,516.10	—	—	29	495,028.20
1895	—	—	6	23,575.70	9	61,690.30	8	108,644.90	10	256,674.00	1	652.20	—	—	34	451,237.10
1896	—	—	2	4,151.70	6	31,828.20	15	497,106.10	14	75,410.20	9	18,226.10	3	5,556.30	49	628,278.60
1897	2	11,161.90	3	3,016.10	8	74,297.00	10	481,343.20	9	12,212.80	3	10,932.20	—	—	35	595,963.20
1898	—	—	7	17,032.30	6	11,339.70	6	372,707.90	5	54,630.40	2	182.30	—	—	26	455,892.60
1899	—	—	5	4,056.30	3	13,560.00	11	25,233.50	7	20,905.70	5	41,235.60	—	—	31	105,060.10
1900	—	—	3	1,553.40	6	136,248.50	16	283,259.80	10	153,459.50	2	1,235.20	—	—	37	576,256.40
1901	2	10,773.70	5	2,576.40	13	216,282.40	12	235,311.40	7	149,404.00	4	64,858.80	—	1,497.10	46	580,703.80
1902	2	4,137.70	6	853.10	5	27,378.20	10	239,036.10	13	321,078.70	3	57,328.10	—	—	39	649,812.20
1903	—	—	9	15,682.70	9	49,651.70	11	194,274.10	11	130,197.00	1	105.80	—	—	41	389,911.30
1904	—	—	6	94,077.00	9	100,571.30	12	133,639.90	9	227,146.60	1	793.90	—	—	37	556,248.70
	8	26,493.10	93	237,209.60	173	1,230,425.95	249	3,829,852.80	202	1,812,914.50	69	393,800.65	9	10,680.50	803	7,541,377.10

in 1884, of the amounts assured; in 1885, in which year the hailstorms were exceptionally serious, and a deficit of as much as 133,000 frs. had to be met, the supplementary premiums were fixed at 2.50 frs. per cent of the amounts assured (and 5 frs. in the case of vine, fruits, tobacco and hops).

But the collection of such high supplementary premiums caused much complaint in the districts that suffered least from hail, and so in 1886 the general meeting of members decided:

(a) to base the supplementary premium no longer on the amount assured, but on that of the first premium, so that the members already paying high premiums in the districts most exposed to suffer from hail, would also have to pay a higher supplementary premium corresponding with the higher risk;

(b) to limit the proportion of the supplementary payment to 100 % of the net premium. Both these provisions are also sanctioned by the law in force.

We must further show how the amount of the cantonal subvention to those insured against hail is fixed; in Table III, we showed the absolute amount of these subventions; most of the cantons refund the policy holders their policy expenses, with the special object of diminishing the cost of insurance for small amounts, or they undertake to pay part of the premium. So, for example, in 1904, the canton of Zurich refunded the policy expenses up to the amount of 2.10 fr. and granted a percentage of 20 % of the premium. And the canton of Geneva repaid the policy expenses up to the amount of 2.40 frs. and granted a subvention of 40 % of the premium.

Thanks to these subventions, the *Société Suisse* has seen the number of its policy holders increase considerably and, while in its first working years it was sometimes compelled to refuse new applications in the case of communes indicated as the most exposed, or to fix a maximum amount for insurance in these communes (called *full* insurance), beyond which it would not insure, it was later on able to suppress both limitations. And in the case of several crops, in various cantons, it was possible, owing to the progress made by the society, even to reduce the premiums considerably; thus, for example, the premiums for the insurance of grapes in the district of Höfe (Schwyz) were reduced from 10 to 6 %; in the commune of Herznach (Aargau) from 8 to 5 %, etc.

In fixing the premiums, the Council of Administration has also to take account of the general economic conditions; thus, in 1914, in consideration of the crisis in Swiss agriculture in the preceding year, it was decided to reduce the premiums even further, in the regions least damaged by hail and not to increase them in any case even in those in which it would have been justified.

(c) *Estimation of losses.* — With the object of saving expenses out of proportion to the amount of the loss, the insurance conditions establish that losses not exceeding 8 % of the value of the crop as estimated by the expert shall not be compensated. In addition, from the amount of the loss recognised as giving claim to compensation, 10 % is deducted,

as the policy holders' own risk, on condition however that the total deduction shall not exceed 7 % of the value of the crop as estimated by the expert.

Up to 1882 the owners' risk was calculated at 8 ½ % and losses exceeding this amount were compensated in full. But in this way the policy holders were encouraged to exaggerate the losses they suffered, and so it was held advisable to establish the principle, by which, whoever, for example, has suffered a loss of 30 % must bear the loss of 8 % as his own share of the risk just in the same way as when reporting a loss of only 8 %, for which he has no right to any compensation. This principle has been maintained in all the various revisions of the rules, and the existing policy conditions expressly declare that in estimating the amount of compensation no account will be taken of losses of less than 8 %.

The policy holder loses all right to compensation if he purposely contributes to the increase of the loss or gives the society false information with the object of obtaining illicit gains.

According to the insurance conditions in force, losses must be reported within 72 hours from their occurrence; all the societies require from their members the greatest promptitude in reporting losses, as the estimation is easier in proportion to the rapidity with which it is completed. In fact, in 1892 it was decided to extend the above term to 96 hours, but in 1896 it was again reduced to 72 hours, as it was found the extension of the term rendered estimation more difficult. For grapes and fruit the term is 144 hours.

Until the compensation has been settled by the society, the policy holder can make no change in respect to the state of the crops damaged; only when the produce is so mature that harvesting cannot be postponed, he must report the loss within 24 hours from its occurrence, and then can commence harvesting. However, in this case, the policy holder must leave intact at the four corners and in the middle of the field damaged by hail, a sufficient amount of the crop (at least 5 square metres) to allow of an estimation of the total loss.

Payment of compensation is made in accordance with the agreement come to between the policy holder and the expert charged with the valuation, or, in case of appeal, as the court of arbitration decides. The arbitrators (two in number) are chosen by the parties from a list the Council of Administration must make out each year and the conditions of insurance in the policy regulate minutely the procedure of the court. Appeals against the decision of the arbitrators must be sent to the management immediately after the decision; the management examines them and transmits them to the Council of Administration which gives its decision. The policy holder may finally appeal to the general meeting, which decides in the last resort; so there is no appeal to the law courts. In fact, however, most of the claims are settled by direct agreement between the policy holder and the expert of the society; the number of members who, considering themselves wronged by the judgment of the expert, make demand for arbitration, is very small and this is a proof of the good organization of the society. The costs of valuation generally are borne by the society.

We now reproduce from a sample forwarded to us by the *Société Suisse*, the following model of a report of losses:

*Example of a Report of Losses.*

*Reports of losses must be forwarded within 72 hours from their occurrence; in the case of grapes and fruit, within 144 hours.*

*The forms are to be had from the agents free of charge.*

*In consequence of a storm on July 14th. of this year, about 3 p. m, passing from south-west to north-east, the agricultural produce insured by policy no. 140 was damaged as follows :*

Numerical Order of Policy	Position of Farms	Kind of Crop	Area Cultivated Ares	Amount Assured	Estimated Damage in Fractions $\frac{1}{2}, \frac{3}{4}, \frac{1}{4}, \frac{1}{2}$	How Far Advanced were the Crops?	At What Date was the Harvest Expected?	Observations
1		Wheat	32	220	$\frac{1}{2}$	End of Flowering	Second Half of August	
2		Beet-root	47	170	$\frac{1}{4}$	Third Pair of Leaves	Beginning of October	
3		Vines	22	340	$\frac{1}{3}$	Beginning of the Formation of the Grapes	End of October	

*In case of my absence, when a loss happens, Mr. . . . . . is authorized, as my legal representative, to sign in my name.*

*. . . . . the . . . . . 19: . . .*

*Signed: . . . . .*

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To complete our account of the organization of the *Société Suisse*, we have only now to refer to the means by which it seeks to ensure that its revenue shall always balance its expenditure.

Article 50 of the Rules lays it down that, to meet unforeseen losses and deficits in years of more serious loss a reserve fund must be formed with the help of the profits of each working year, interest on capital represented by it, and any other special revenue. Such revenue must be placed to the reserve fund until it amounts to at least one tenth of the amount insured the year before.

TABLE VI. (I) — Results Obtained by the "Société suisse d'assurance contre la grêle" since its Foundation  
1st. Profit and Loss Accounts from 1880 to 1912.

Years	Revenue			Expenditure				
	Premiums	Net Supplementary Premiums	Other Revenue (Interest on Capital) etc.	Total Revenue	Claims Paid	Working Expenses and Taxes	Profits	Losses
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1888/1889	1,274,739.49	490,712.80	61,102.14	1,826,614.43	1,408,799.35	390,944.95	175,564.30	148,094.26
1890	205,273.40	—	3,892.50	290,165.90	129,507.30	40,676.87	38,981.73	—
1891	282,128.30	—	3,515.61	285,643.91	203,103.00	51,456.80	31,083.51	—
1892	347,322.90	—	5,193.31	352,516.21	172,704.53	56,217.72	123,593.96	—
1893	456,000.40	—	10,540.04	467,140.44	173,729.85	63,182.86	230,227.73	—
1894	507,960.65	—	14,232.51	581,893.16	510,526.90	71,178.47	187.79	—
1895	582,047.70	—	20,672.46	603,320.16	451,237.10	78,245.47	64,837.59	—
1896	716,068 —	—	24,928.61	740,996.61	629,278.60	110,237.88	2,480.13	—
1897	703,220.10	—	23,649.36	726,869.46	595,963.20	101,372.90	29,533.30	—
1898	844,057.50	—	31,044.68	877,102.18	455,892.60	114,077.05	307,132.53	—
1899	723,632 —	—	33,072.26	756,704.26	105,060.10	105,520.14	546,123.96	—
1900	762,760.30	—	54,314.67	817,074.97	570,295.10	113,447.18	127,332.69	—
1901	701,598.60	—	65,749.26	767,347.86	580,703.80	120,054.21	66,589.85	—
1902	675,914.90	—	64,230.25	739,921.15	649,812.20	115,462.08	—	26,023.13
1903	808,305.80	—	67,026.31	875,332.11	389,911.30	112,736.70	372,882.11	—
1904	844,524.80	—	78,803.28	923,328.08	556,248.70	129,237.08	237,842.30	—
1905	879,950.20	—	90,586.03	970,536.23	684,836.60	133,955.20	157,744.43	—
1906	930,054.40	—	104,312.19	1,034,366.59	308,363.70	125,961.02	600,041.82	—
1907	879,175.90	—	112,560.57	991,736.47	1,001,745.20	154,890.27	164,899 —	—
1908	1,036,380.10	—	115,789.04	1,152,377.14	903,925.20	179,507.67	68,944.27	—
1909	961,190.80	—	120,003.07	1,081,193.87	310,167.30	147,429.52	623,897.05	—
1910	1,060,603 —	—	149,114.40	1,209,717.40	1,104,378.10	193,645.31	—	88,306.01
1911	1,138,311.80	—	140,394.42	1,278,706.22	1,419,553.10	200,724.84	—	341,571.72
1912	1,353,783.60	—	133,159.19	1,486,942.79	650,840.86	197,112.94	638,989.05	—
Total . . .	18,737,712.64	490,712.80	1,533,952.20	20,762,377.54	13,971,584.23	3,116,277.19	4,444,010.24	769,494.12
	19,228,425.44				Percentage of Premiums 74.5	Percentage of Premiums 16.3	Profits. Frs. 3,674,516.12	

(1) From the last Report of the "Bureau Fédéral des Assurances". Berne, Francke, 1914.

TABLE VI (Continued). — Results Obtained by the "Société suisse d'assurance contre la grêle", since its Foundation.  
2nd. Proportion of the Items of Revenue and Expenditure to the Amount Assured.

Years	Policies	Amounts Assured	Proportion of Revenue and Expenditure to the Amount Assured					Total	Expenditure				Losses
			Premiums	Supple- mentary Premiums	Revenue		Working Expenses and Taxes		Claims Paid	Profits			
					Frs.	Frs.					Frs.	Frs.	
1880-1889	68,633	81,904,741	1.56	0.60	0.07	2.23	1.72	0.48	0.21	0.18			
1890	10,294	11,461,490	1.79	—	0.03	1.82	1.13	0.35	0.34	—			
1891	16,985	16,857,070	1.67	—	0.02	1.69	1.20	0.31	0.18	—			
1892	22,220	20,479,340	1.69	—	0.03	1.72	0.85	0.27	0.60	—			
1893	26,073	23,766,350	1.92	—	0.04	1.96	0.73	0.27	0.96	—			
1894	31,140	29,280,050	1.94	—	0.05	1.99	1.74	0.24	0.00	—			
1895	33,681	29,231,790	1.99	—	0.07	2.06	1.54	0.30	0.22	—			
1896	37,404	33,725,790	2.12	—	0.08	2.20	1.86	0.33	0.01	—			
1897	36,522	33,123,910	2.12	—	0.07	2.19	1.80	0.30	0.09	—			
1898	42,597	38,707,300	2.28	—	0.08	2.26	1.17	0.29	0.80	—			
1899	42,578	36,452,820	1.98	—	0.09	2.07	0.29	0.29	1.49	—			
1900	43,397	37,841,500	2.01	—	0.14	2.15	1.52	0.30	0.33	—			
1901	43,273	37,249,900	1.88	—	0.18	2.06	1.56	0.32	0.18	—			
1902	44,499	37,762,160	1.79	—	0.17	1.96	1.72	0.31	—	0.07			
1903	47,810	43,295,820	1.87	—	0.15	2.02	0.90	0.26	0.86	—			
1904	50,444	46,765,840	1.80	—	0.17	1.97	1.19	0.28	0.50	—			
1905	52,913	49,657,870	1.77	—	0.20	1.97	1.38	0.27	0.32	—			
1906	55,454	53,795,920	1.73	—	0.19	1.92	0.57	0.23	1.12	—			
1907	55,560	55,264,780	1.59	—	0.20	1.79	1.81	0.28	—	0.30			
1908	59,834	61,307,180	1.61	—	0.18	1.79	1.41	0.28	0.11	—			
1909	58,403	62,305,650	1.54	—	0.19	1.74	0.50	0.24	1.00	—			
1910	60,456	67,420,780	1.57	—	0.22	1.79	1.64	0.28	—	0.13			
1911	61,931	71,322,080	1.59	—	0.20	1.79	1.09	0.28	—	0.48			
1912	65,361	79,857,960	1.69	—	0.17	1.86	0.81	0.25	0.80	—			
Total	1,070,127	1,061,808,091	1.77	0.05	0.14	1.96	1.32	0.29	0.42	0.07			



In case of deficits, the Council of Administration, assisted by the Committee of Examiners of Accounts, has to decide whether and to what extent deductions must be made from the reserve fund; however (this limitation was established at the meeting of members in 1900) the deduction, the object of which is to obviate the necessity of a call for supplementary premiums or at least to limit their amount, may never exceed 25 % of the fund.

Only when the deficit cannot be met, even by a supplementary call of 100 % on the premiums and a special contribution of 25 % from the reserve fund, when consequently it would be necessary to reduce the amounts of compensation given, may larger deductions be made from the reserve fund. But, as may be seen from Table VI, the *Société Suisse* has never been in such straits; it has always been able to meet the claims on it by deductions from the reserve fund not exceeding the 25 % limit, without calling for supplementary premiums and without reducing the amount of compensation. At the end of 1910, the reserve fund amounted to 3,415,404 frs.; after falling, at the end of 1911, to 2,985,527.07 frs., in the following years it increased again, so that at the end of 1913 it amounted to 3,832,509.58 frs., a figure never before reached.

In regard to the separate items of expenditure it is well to observe that in 1913, for example, the taxes paid by the society amounted only to 1,569.30 frs.; up to 1904 they were heavier and the society paid that year altogether 8,919 frs. (in State, communal and parish taxes), but a law of 1904 granted the *Société Suisse*, as a mutual organization, many exemptions and the reserve fund was completely exempted from payment of the tax on capital. The amount of 1,569 fr. represents the contribution annually paid, in proportion to the premiums collected for the expenditure incurred by the Federal Council in the supervision of the insurance societies. The contribution by law can not exceed one per mill. of the premiums.

In 1913 the expenditure in commissions to agents amounted to 59,040.50 frs.; they received 5 % on the net premiums (total in 1913, 52,490 frs.) and a premium for new contracts of 2 % of the amount assured (total in 1913, 6,550.50 frs.). In the same year the expenses for valuation amounted to 38,388 frs. The reserve fund, which at the end of 1912 amounted to 3,624,516 frs., increased, as already said, to 3,832,509 frs., especially owing to the interest on invested capital (154,449 frs.) and the profits of the preceding year (89,883 frs.); in addition, the reserve fund is increased by the extraordinary revenue received from fines, the balance of the agency accounts, etc.

In virtue of article 53 of the Rules, "the Council of Administration provides every year for the investment of the reserve funds. The amounts must be invested in Government securities or deposited in a State Bank, they may not be invested in purchase of securities for the purpose of speculation."

In 1913, as in the preceding years, the *Société Suisse* had invested all its funds, depositing 3,613,000 frs. in the Government Banks; 10,000 frs.

in bonds of the Zurich Cantonal Bank, as security (1); 1,703,000 frs. are deposited in the cantonal Bank of Zurich, in the form of bonds; 1,050,000 frs. are similarly deposited in the Cantonal Bank of Bâle; 450,000 frs. in the Cantonal Bank of Thurgau and 100,000 frs. in each of the four cantonal banks of Berne, Solothurn, Saint Gall and Vaud. The *Société Suisse* in this way arranges for a wise geographical distribution of its investments in the territory of the Confederation.

We have frequently mentioned the natural difficulties in the way of the development of hail insurance in a country like Switzerland, which is so mountainous and so much exposed to suffer from hail, and the *Société Suisse* deserves praise for having overcome them all by means of the principle expressed in its motto: "One for all, all for one," which is the basis of all mutual organization. Let us hope that it may also extend its action in the Cantons in which hail insurance has as yet made less progress, especially in those of Southern Switzerland.

(1) By the above law of June 25th., 1885, on the supervision of private insurance businesses, every society, before being authorized to work in Switzerland, must give security, the amount, of which is fixed by the Federal Council (See articles 2 and 16 of the law: and executive regulations of October 12th., 1886).

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE

### CANADA.

**ABSTRACT OF STATEMENTS OF INSURANCE COMPANIES IN CANADA FOR THE YEAR ENDED DECEMBER 31st., 1913.** Subject to Correction. Printed by Order of Parliament, Ottawa, 1914, pp. 197.

**REPORT OF THE SUPERINTENDENT OF INSURANCE OF THE DOMINION OF CANADA FOR THE YEAR ENDED DECEMBER 31st., 1913.** Volume I: Insurance Companies other than Life. Volume II. Life Insurance Companies, Printed by Order of Parliament. Ottawa, 1914, Vol. I: CLXXIV + 637 pp.; Vol. II: CLIV + 544 pp.

The final Report was preceded by a few months by an "*Abstract subject to Correction*", containing a short report made after examination of the statements presented to the Superintendent of Insurance by the various companies in regard to the operations conducted by them in Canada.

The final Report itself consists of two large volumes, of which the first contains information in regard to the companies engaged in the various branches of insurance, exclusive of life insurance (fire, accident, livestock, hail, weather, etc.); the second deals exclusively with life insurance companies. Each of the parts of the work is preceded by an ample introduction in which the Superintendent summarises the information relating to the business conducted by the various companies considered according to their nationality (Canadian, British and United States Societies) in the various branches of insurance. Then he reports on the year's legislation of greatest importance in connection with the matter, the new and amended laws of the Dominion and of the several provinces; the taxes imposed; the financial difficulties and failures; and the licences granted.

After this general information, detailed figures are given in several tables in regard to the insurance work of the societies limited by shares in the course of the year 1913.

To give an idea of the importance of the information contained in this work it will be enough to reproduce the following particulars relating entirely or in part to agriculture: fire insurance (urban and rural); claims granted in 1913: \$14,003,750; premiums collected \$25,745,947; hail insurance: claims granted \$204,916; premiums collected, \$336,572; livestock insurance: claims granted \$81,073; premiums collected \$132,438; tornado insurance: claims granted \$5,643; premiums collected \$29,667; weather insurance: claims granted \$65,590; premiums collected, \$81,443.

With regard to life insurance, the new policies issued in 1913 amounted to 231,608,546 dollars; and the total amount insured was 1,168,590,27 dollars.

These figures show the great increase of thrift in Canada and the importance of the Insurance Superintendent's Report.

#### UNITED STATES.

INSURANCE LAWS OF THE STATE OF WEST VIRGINIA. Revised to 1913.

ANNUAL REPORT (1913) OF THE INSURANCE DEPARTMENT OF THE STATE OF WEST VIRGINIA.

Pamphlets Printed By Authority of the Insurance Commissioner. Charleston. W. Va., 1914.

These two official publications contain full information as to the legal position and the financial situation of Insurance companies of all kinds (including Farmers' Mutual Insurance Companies) doing business in West Virginia. The Mutual Companies, eleven in number, insure against damage by fire, lightning and tornado. They have, in this State, a well-defined legal position under the provisions of an Act of 1908 (*Chapter 32, Special Session 1908*).

Three other companies, described as "Assessment" Life Insurance Companies and insuring their members against death, permanent disablement and sickness, appear to do business upon mutual principles, claims being met by *pro rata* levies upon the members themselves.



## Part III: Credit

### ITALY.

#### THE WORK OF THE LAND CREDIT INSTITUTES IN 1913.

##### SOURCES:

- CASSA DI RISPARMIO IN BOLOGNA: Credito Fondiario: Resoconto dell'anno 1913 (*Savings Bank in Bologna: Land Credit: Land Credit Department; Report for the Year 1913*) Bologna, Merlani, 1914.
- CASSA DI RISPARMIO DELLE PROVINCE LOMBARDE IN MILANO: Credito Fondiario: Bilancio consuntivo dell'anno 1913 (*Savings Bank of the Lombard Provinces in Milan: Land Credit Department: Balance Sheet for the Year 1913*) Milan, Reggiani, 1914.
- CASSA DI RISPARMIO DI VERONA: Credito Fondiario: Resoconto dell'esercizio 1913 (*Verona Savings Bank: Land Credit Department: Report for the Year 1913*) Verona, Franchini, 1914.
- CREDITO FONDIARIO SARDO IN CAGLIARI: Resoconto dell'anno 1913 (*Sardinian Land Credit Institute in Cagliari: Report for the Year 1913*).
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- ISTITUTO DELLE OPERE PIE DI SAN PAOLO IN TORINO: Credito Fondiario Consuntivo, esercizio 1913 (*San Paolo Institute of "Opere Pie" in Turin; Land Credit Institute, Accounts for the Year 1913*) Turin. Società Tipografico-Editrice Nazionale, 1914.
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To the information published in the Bulletin for last October on the work of the special agricultural credit institutes in 1913, we shall here add some particulars of the work done by the land credit institutes in the same year.

## § I. THE ITALIAN LAND CREDIT INSTITUTE.

In 1913 this institute received 328 applications for loans for a total amount of 39,483,500 frs.

The security offered for 49 % of these loans was urban estate, for 48 % rural estate and for 3 % mixed urban and rural estate.

Adding to the applications for loans presented those remaining over for consideration from 1912, (541 applications for a total amount of 43,443,500 frs.), as well as those again taken into consideration (21 for the amount of 2,105,500 frs.) and those in the case of which application had been made for an increase of the amount (7 for 549,500 frs.), in 1913 we find a total of 897 applications for credit for an amount of 85,582,000 frs.

In the course of the year, 176 of these applications were granted and loans definitely made for the total amount of 15,202,500 francs. Of these, 86, for 7,857,000 frs., were granted on the security of rural estate, especially in Apulia (22 loans for 2,042,000 frs.), in Sicily (15 loans for 677,000 frs.), in Campania (12 loans for 396,500 frs.), in Umbria (10 loans for 1,143,100 frs.), in Venetia (3 loans for 1,088,500 frs.) and in Emilia (6 loans for 1,096,000 frs.); and 90 loans for 7,345,500 frs. on urban estate.

The above loans granted in 1913 were distributed as follows, according to their amounts :

		Number	Amount frs.
Up to . . . . . frs.	10,000	22	166,500
From 10,000 frs. to . . . . . »	20,000	37	569,000
» 20,000 » » . . . . . »	50,000	53	1,842,000
» 50,000 » » . . . . . »	100,000	22	1,546,000
» 100,000 » » . . . . . »	500,000	38	8,244,000
For more than . . . . . »	500,000	4	2,835,000
		<hr/> 176	<hr/> 15,202,500

According to their term, they were distributed as follows :

Years	Number	Amount frs.
Between 10 and 15 . . . . .	7	326,000
» 15 » 20 . . . . .	10	944,500
» 20 » 25 . . . . .	9	179,000
» 25 » 30 . . . . .	14	1,049,000
» 30 » 35 . . . . .	2	44,000
» 35 » 40 . . . . .	67	5,343,000
» 40 » 45 . . . . .	—	—
» 45 » 50 . . . . .	67	7,317,000
	<hr/> 176	<hr/> 15,202,500

Finally, in regard to the rate of interest, the loans were distributed as follows :

	Number	Amount frs.
4% Interest . . . . .	175	15,198,500
3½% " . . . . .	1	4,000
	<hr/> 176	<hr/> 15,202,500

On December 31st., 1913 the value of the mortgages held by the Institute amounted to 412,358,231 frs., the value of the land bonds in circulation to 149,744,000 frs. and the amount of the loans in course to 176,046,187 frs.

On giving a glance at the work previously done by the Institute, we find that in twenty three years, that is since 1891, it had lent landholders the large amount of 259,000,000 frs., an average of 11,000,000 a year.

Of the 176,000,000 loans outstanding on December 31st., 1913, most, that is 54 %, were granted at 3½ %; 38 per cent at 4 %, and only 8 per cent at 4½ %. More than half (57 %) were for the southern provinces and the islands, 37 % for Central Italy and 6 % for North Italy. Further, 89,000,000 frs. were secured on rural estate and 87,000,000 frs. on urban estate; the latter amount in the two great centres, Rome and Naples, the first borrowing 42,000,000 frs. and the second 34,000,000 frs. (1).

## § 2. LAND CREDIT DEPARTMENTS OF THE SAVINGS BANKS OF MILAN, BOLOGNA AND VENICE.

In 1913, 470 applications were made to the Land Credit Department of the Savings Bank of the Lombard Provinces for a total amount of 40,614,000 frs., which added to the 1,191 for 96,472,000 frs. still under consideration at the beginning of the year gives a total number of 1,661 applications for 137,086,000 frs.

Of these, 280 were granted and loans made for an amount of 18,713,500 frs. Ninety seven loans for an amount of 7,484,500 frs. were granted on the security of rural estate, 181 for the amount of 11,199,000 frs. on that of urban estate and 2, for 30,000 frs. on that of rural and urban estate together.

(1) From investigations made in respect to the destination of the loans granted, it seems that in the ten years 1904-1913, out of a total of 145,000,000 frs. granted, 44 per cent were for relief from charges on land and extinction of pre-existing mortgage debts of greater importance. This is one of the most important results of the work of the institute as regards the economy of the country.



Among the provinces that obtained the largest credits on the security of rural estate, were those of Ferrara, 8 loans for 2,027,000 frs.; Brescia, 10 loans for 739,000 frs.; Rome, 3 loans for 576,500 frs.; Milan, 8 loans for 489,500 frs.; Cremona, 6 loans for 486,000 frs. etc. The province of Milan also received 119 loans on urban estate for the large amount of 7,743,500 frs.

More than half the loans were granted for amounts varying from five to fifty thousand francs and for terms of between 30 and 40 years.

On December 31st., 1913, the value of the mortgages held by the land credit department of the Milan Savings Bank was 387,084,000 frs., the value of the land bonds in circulation was 193,542,000 frs. and the amount of the loans in course (4,010) was 190,878,804 frs.

Considering now the Bologna Savings Bank, in 1913 we find 110 mortgage loans granted for a total amount of 5,645,500 frs.; of these, 39 for the amount of 1,736,500 frs. were secured on rural estate, 68 for 3,755,500 frs. on urban estate and 3 for 153,500 frs. on mixed urban and rural estate. In addition, 11 loans were for amounts of between 500 frs. and 5,000 frs., 15 loans for amounts of between 5,000 fr. and 10,000 frs., 23 for amounts between 10,000 frs. and 20,000 frs., 18 for amounts of between twenty and thirty thousand frs., 15 for amounts of between thirty and forty thousand, 8 for amounts of between forty and fifty thousand, 9 for amounts of between fifty and one hundred thousand and eleven for amounts of more than one hundred thousand francs.

The provinces that received the largest credits were those of Bologna (85 loans for 4,314,500 frs.), Pesaro (3 loans for 443,000 frs.) and Forlì (3 loans for 385,000 frs.).

From the foundation of the Institute (1868), up to December 31st., 1913, 3,201 loans were granted for a total amount of 122,455,500 frs., giving an average of 38,255 frs. per loan.

Finally, the Verona Savings Bank granted loans on mortgage in 1913 for the total amount of 3,368,500 frs. The mortgages it held amounted on December 31st., of the same year to 29,758,650 frs., the value of the land bonds in circulation was 23,585,500 frs. and that of the loans in course 23,304,071 frs. (1).

(1) In connection with the Land Credit Institute of the Verona Savings Bank, it will be remembered that on January 25th., 1914, an important meeting was held in Rome, of the representatives of the Boards of Management of the Savings Banks of Verona, Venice and Padua, to discuss the proposal to found a great Land Credit Institute for Venetia, as up to the present land credit has been exclusively provided there by the Verona Savings Bank. The proposal for a federation of the three institutes having been rejected, it was decided to form a consortium of the three banks, with head quarters at Verona, under the name of *Istituto di Credito fondiario della Regione Veneta* (Land Credit Institute of the Region of Venetia). The new Institute will be managed by a Consortium Board, on which the number of the representatives of each Bank will be in proportion to the amount of the contribution of the Bank. See the Review: *Credito e Cooperazione*. Rome, no. 5, March 1st., 1914.

§ 3. LAND CREDIT DEPARTMENTS OF THE INSTITUTE OF "OPERE PIE" OF S. PAUL AT TURIN AND THE "MONTE DEI PASCHI" OF SIENA AND THE SARDINIAN LAND CREDIT INSTITUTE AT CAGLIARI.

During 1913, 416 applications for loans were made to the Land Credit Department of the Institute of "Opere Pie" of S. Paul at Turin, for a total amount of 29,770,000 frs. The loans granted amounted to 195 for 9,362,500 frs.

Of these, 170 for 7,214,000 frs. were secured on urban estate and 25 for 2,148,500 frs. on rural estate.

The largest number of loans were made to the Provinces of Turin (63, for 2,349,000 frs.), Genoa (58 for 1,878,500 frs.), Rome (12 for 943,500 frs.) and Milan (8 for 915,000 frs.).

As regards their amount, 116 loans for a total of 1,139,500 frs. were granted in amounts not exceeding 20,000 frs. each, 68 loans for a total of 4,809,000 frs. were granted in amounts varying from 20,000 frs. to 200,000 frs., and 11 for a total of 3,414,000 frs. were granted in amounts varying from 200,000 frs. to 500,000 frs.

In regard to the period of the loans, for 56 loans (758,500 frs.), it varied from 10 to 25 years; for 29 loans (1,451,000 frs.), from 26 to 45 years and for 110 loans (7,153,000 frs.) from 46 to 50 years.

Coming finally to the "*Monte dei Paschi*" of Siena and the Sardinian Land Credit Institute, we find that they granted loans on mortgage in 1913, the first for the amount of 10,123,500 frs., the second for 431,000 frs. The loans in course on December 31st., 1913, in the case of these Institutes, amounted respectively to 77,533,385 frs. and 2,204,762 frs. and the value of the bonds in circulation to 78,066,000 frs. and 2,267,500 frs.

\* \* \*

The above seven land credit institutes working in Italy had granted loans on mortgage in bonds in 1913 to the amount of 62,847,000 frs.

## URUGUAY.

### THE MORTGAGE BANK OF URUGUAY AND ITS WORK.

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By Law of June 8th., 1912, the Mortgage Bank of Uruguay became the property of the State.

On taking over the shares of this Bank the government authorities proposed to avail themselves of all the means at the disposal of a State institution to encourage land credit, and bring it into harmony with the requirements of national economy on behalf of the producing classes. This is the aim which the Bank set itself when it declared that its main purpose is to come to the assistance of the country as a whole, and more especially of the producing classes, contributing by the terms of its loans to maintain the value of landed property, to develop building, and to promote the progress of agriculture and stock-breeding.

Before describing its work we will briefly state the organisation of the Bank which is the most important mortgage credit institute of the Eastern Republic.

## § 1. THE ORGANISATION OF THE BANK.

The Mortgage Bank of Uruguay was founded by Law of March 24th. 1892, taking as a basis for the new institution the Mortgage Section of the former National Bank. It transacted business as a share company until it was taken over by the Government by Law of June 8th., 1912, when it became the property of the State.

The Bank is organised in accordance with thirty-two general provisions laid down in its fundamental law, the main points of which we shall set forth later on.

*Loans.* — The Mortgage Bank of Uruguay grants loans which it pays in mortgage bonds, delivered at their nominal value, secured on first mortgage, on one or more holdings, whether urban or rural, unencumbered, and situated within the territory of the Republic. The life of these loans does not exceed 30 years, and they are repaid by amortisation.

As a rule the loan does not exceed one half the value of the security given, as valued by one or more appraisers appointed by the Bank; in no case may the amount of the loan exceed two thirds of the value of the security.

In appraising the lands the following data are taken mainly into account:

(a) the income from the property, as shown by the leases in force and by those current for similar lands;

(b) its official valuation for the assessment of the land tax;

(c) judicial appraisements which may have been made during the three years preceding the period covered by the present lease;

(d) the current market value of the estate.

The Bank requires the owner to insure all buildings on his estate before the loan is made; in case of accidents compensation due from the insurance company will be paid to the Mortgage Bank, which enters same to the credit of the borrower up to the limit of his liabilities, handing him over any surplus. Should the borrower fail to pay the insurance premium and should the policy lapse, the mortgage will be automatically recalled.

All loans made by the Mortgage Bank are granted on condition that, in case of foreclosure, the Bank is free to sell the land to the holders of mortgage bonds belonging to the same series and may accept such bonds, at their nominal value, in full or part payment.

The owner of the lands thus mortgaged on obtaining his loan cannot lease the property for a period of more than a year if it be urban or suburban, or for more than two years if it be rural. The consent of the Bank must be secured before signing a lease covering a longer period.

Borrowers may at any time repay part or all of the capital borrowed, but partial repayments, made before they fall due, may not amount to less than 10 % of the borrowed capital; repayment may be made in gold, or in mortgage bonds, which are accepted at their nominal value, on condi-

tion that they belong to the same series as that in which the loan was made. In case of antedated repayments the borrower only pays interest and commission on the loan up to the date of cancelling same.

The interest charged on mortgage loans may not exceed by more than 2 % the interest paid on the mortgage bonds issued by the Bank.

*Capital, Reserve Funds.* — The capital of the Mortgage Bank of Uruguay which amounted, at the start, to 5,070,000 pesos, was reduced by Law of September 27th., 1909, to 3,549,000 pesos, divided into shares of 100 pesos each. The fundamental law governing the Bank requires 10 % of the profits to be set aside for the reserve fund and the remainder to be distributed as a dividend to the shareholders.

*Mortgage Bonds.* — In accordance with the law under which it is established, the Mortgage Bank of Uruguay is privileged to issue mortgage bonds throughout the territory of the Republic, for a period of 30 years, and during the same period it is exempt from all taxation except the land-tax, on estates which it may purchase or which are of a municipal character. Its mortgage bonds are also exempt from stamp-duty and all other taxes.

The bonds issued by the Mortgage Bank are numbered and are issued in series designated by a letter of the alphabet, and placed in circulation in alphabetical order. Under no conditions may the Bank issue a bond which does not correspond to a mortgage.

The maximum rate of interest payable on the bonds issued by the Mortgage Bank is 8 % per annum (1).

The value of each bond may not exceed 1,000 pesos nor be less than 100 pesos.

The bonds may be recalled by lot at par, or by sale and at auction.

## § 2. THE WORK OF THE BANK DURING 1913-1914.

We shall now speak of the work performed by the Mortgage Bank of Uruguay as shown by the report for 1913-14, presented by its President to the Minister of Finance of the Republic.

The Reporter begins by pointing out that this Bank, thanks to its steady progress, is responding more and more to the economic requirements of the country, that it spares no efforts to curb the usury of private money-lenders, and he calls attention to the safety of the business transacted and the solidity of the security which the Bank offers to capital invested in its bonds.

The figures quoted in the report show that on March 31st., 1913, when the business year preceding that which we are now examining closed, the bonds in circulation amounted to 27,439,900 pesos; during 1913-14 the Bank issued new bonds amounting to 6,107,600 pesos, and withdrew bonds

(1) They are at present paying 6½ % interest.

amounting to 1,997,000 pesos, so that on March 31st., 1914, the bonds in circulation amounted to 31,550,500 pesos, showing an increase of 4,110,600 pesos on the closing figure for the previous year.

The loans granted during 1913-1914 amounted to 6,107,600 pesos. If this sum is compared with those granted during previous years, it is seen to be lower than that for loans made in 1912-13 and 1911-12 (9,559,900 and 7,639,100 pesos respectively), but it is noticeably in excess of those granted in other years.

In considering this reduction in the total of loans granted as compared with those made during the other two business years referred to, the report states: "There is no doubt that the fall in the price of our bonds, and in that of all other securities yielding a fixed income, dating from the second half of 1913, and due to well-known credit difficulties, resulted, as on other occasions, in a decline in the number of bonds issued, that is to say in the amount of the loans" (1). And here it must be borne in mind, that, as stated above, the Bank pays its loans in the shape of mortgage bonds, and, consequently, the lower the market price of these bonds the heavier the loan must be which a borrower has to make to ensure a certain given sum in cash. The fact that the borrower may repay his debt by giving mortgage bonds in discharge of same does not completely obviate this difficulty as in this case the Bank has a right to 1 % commission, and, moreover, as at the time when repayment would fall due the credit difficulties above referred to would probably be eliminated, the bonds would be likely to command a higher price (2).

An idea of the constant progress made in the business transacted by the Bank, independently of the fall in loans granted during 1913-14 as compared with the two previous years, is given by the following table which summarises the issues and amortisations effected by the Mortgage Bank:

(1) If we consult the statistics of prices quoted for mortgage bonds during the business year 1913-14 we shall see that they fell to their lowest point in November, 1913, when the average quotation for such bonds was 89.50.

(2) As a matter of fact, at the close of the business year in question, in March, 1914, only a few months after the quotation of the prices referred to in the previous foot-note, the bonds had already risen to 93.00, a rise of 3  $\frac{1}{2}$  points.

Business Year	Issued (pesos)	Withdrawn (pesos)	Balance in circulation (pesos)
1896-1897 (1) . . . . .	172,900	70,000	102,900
1897-1898 . . . . .	—	600	102,300
1898-1899 . . . . .	—	7,800	94,500
1899-1900 . . . . .	—	74,300	20,200
1900-1901 . . . . .	—	6,000	14,200
1901-1902 . . . . .	—	1,000	13,200
1902-1903 . . . . .	4,800	5,300	12,700
1903-1904 . . . . .	4,000	1,400	" 15,300
1904-1905 . . . . .	18,900	7,100	27,100
1905-1906 . . . . .	88,500	28,000	88,100
1906-1907 . . . . .	1,329,500	129,000	2,084,500
1907-1908 . . . . .	1,100,000	202,100	2 982,400
1908-1909 . . . . .	2,354,900	373,200	4,964,100
1909-1910 . . . . .	4,851,500	816,200	8 999,400
1910-1911 . . . . .	4,562,900	1,557,500	12,004,800
1911-1912 . . . . .	7,639,100	1,810,000	17,833,900
1912-1913 . . . . .	9,559,900	2,072,700	35,321,100
1913-1914 . . . . .	6,107,600	1,923,500	29,505,200
	38,591,000	9,085,800	

(1) As we are only writing on the work done by the Mortgage Bank of Uruguay, this table does not contain figures for the series A, B, C, and D, issued by the former National Bank, and the first figures given are those for 1896-97, in which year series E was issued by the Mortgage Bank. For the same reason in order to obtain the total circulation on March 31st., 1914, which, as stated, amounted to 31,550,500 pesos, we must add to the figure given for that year in the above table the sum of 2,045,300 pesos, which was the value of the bonds of series A, B, C, D, and E, at that date.

The most numerous loans vary between 1,000 and 5,000 pesos, which shows that the Bank tries to encourage small borrowers so as to safeguard them from usury, as will be shown further on. The following table shows the distribution of outstanding loans on December 31st., 1913, tabulated according to their importance :

Loads			Number	Value (pesos)
From	100 pesos to	1,000 . . . . .	194	160,690
»	1,001	» 5,000 . . . . .	1,070	2,957,410
»	5,001	» 10,000 . . . . .	420	3,204,916
»	10,001	» 20,000 . . . . .	282	4,150,889
»	20,001	» 50,000 . . . . .	198	6,654,900
»	50,001	» 100,000 . . . . .	73	5,338,764
»	100,001	» 200,000 . . . . .	25	3,551,056
»	200,001	» 400,000 . . . . .	8	2,265,854
Over	400,001 . . . . .		1	500,000
Total . . .			2,271	28,784,469

The profit and loss account shows that the net profits realised during the business year 1913-14 amounted to 346,853 pesos: of this sum the directorate distributed 338,983 pesos as follows:

10 % to the reserve fund . . . . .	pesos	33,898
1 ½ % to the benefit fund for the staff . . . . .	»	5,085
58.50 % to the general revenues of the State . . . . .	»	300,000

The remaining 57, 870 pesos were distributed as follows:

Contingency fund . . . . .	pesos	50,000
Balance placed to the profit and loss account . . . . .	»	7,870
Total . . . pesos		<u>396,853</u>

The financial situation of the Bank at the opening of the current business year was distinctly favorable as it had at its disposal a perfectly secure capital in real estate of an amount higher than that required by law owing to the increased value of the estates acquired, besides a contingency fund of 50,000 pesos.

The report for 1913-14 contains several statistical tables which show the relative importance of the mortgage loans made throughout the Republic by the Bank and by private mortgage credit concerns for the five-year period, 1909-1913. The data given show the great work which the Bank has yet to accomplish before it can boast that it has freed certain categories of borrowers from usury. The following data show the situation:



Year	Mortgages					
	Accepted throughout the Republic		Accepted by the Bank		Accepted by private companies	
	Nº of estates	Value	Nº of estates	Value	Nº of estates	Value
1909 . . . . .	6,040	20,473,866	351	3,391,300	5,689	17,082,566
1910 . . . . .	7,035	27,395,598	506	5,658,100	6,525	21,737,498
1911 . . . . .	8,392	35,660,712	579	7,241,200	7,813	28,419,512
1912 . . . . .	8,895	38,118,552	634	9,104,000	8,261	29,013,952
1913 . . . . .	9,445	38,293,463	531	6,200,000	8,914	32,093,463

This table shows that the mortgages accepted by the Bank barely represent 6.5 % of the total mortgages accepted in the Republic. Let us now see the proportion between the mortgages accepted by the Bank and those accepted by private concerns as security for loans during the last, business year, with regard to the value of the loans :

Value			Mortgages			
			Accepted by the Bank	%	Accepted by private concerns	%
From	100 pesos to	1,000 . . . . .	40	1.7	2,319	98.5
»	1,001 »	2,000 . . . . .	69	4.7	1,388	95.3
»	2,001 »	5,000 . . . . .	116	7.1	1,520	92.9
»	5,001 »	10,000 . . . . .	83	10.7	604	89.3
»	10,001 »	20,000 . . . . .	64	15.3	453	84.7
»	20,001 »	30,000 . . . . .	22	15.9	116	84.1
»	30,001 »	50,000 . . . . .	37	34.3	71	65.7
»	50,001 »	70,000 . . . . .	8	32.0	17	68.0
»	70,001 »	100,000 . . . . .	4	18.2	18	81.8
»	100,001 »	140,000 . . . . .	4	33.3	8	66.7
»	140,001 »	200,000 . . . . .	1	25.0	3	75.0
»	200,001 »	400,000 . . . . .	2	40.0	3	60.0
Over	400,001 . . . . .		—	—	3	100.0
Total . . . . .			450	6.5	6,513	93.5

The figures given in this table show that the position of the Bank as compared with private concerns improves noticeably as the value of the loans increases. But the preponderance of loans granted by private concerns over those granted by the Bank in the category going from 1,000 to 5,000 pesos is so great that it cannot fail to claim the attention of the Bank, anxious as it is to encourage national economic development. And in view of the economic causes which may give rise to this phenomenon, the directorate has secured from the legislative body the Law of November 10th., 1913. This Law provides that the certificates required by the Bank for loans which it will subsequently grant, and also for the increase and renewal of the same, will be delivered by the national bureaux for the registration of real estate and by other public bodies, free of stamp and other duties, and that deeds drawn up in connection with these transactions shall also be exempt from stamp-duty and registration fees. The Bank has also a proposal before Parliament for reducing the 1 % commission of the administration, on business transacted after October 1st. of the current year.

These measures, and other steps taken by the Bank affecting its internal organisation, by reducing the cost of the loans will tend to attract the custom of those small borrowers who are the greatest sufferers from the heavy exactions made on them by private concerns. But other causes are at work to account for the large preponderance of small loans made by private money lenders; the report admits this, and accounts for the present state of affairs by the lack of financial experience on the part of the borrowers and their utter ignorance of the régime and mode of procedure of the Mortgage Bank.

If the above facts are taken into account there need be no surprise at the preponderance referred to, especially when we remember that the Bank has only been in existence for two years as a government institution, that is to say as an institution the main purpose of which is to serve public interests; and we are justified in hoping that, by persevering along the lines laid down by its directorate, the Bank will rapidly succeed in attracting that class of borrowers who, living far from it, are not aware of the advantages it offers.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

### UNITED STATES.

POPE (JESSE E.) : AGRICULTURAL CREDIT IN THE UNITED STATES. *Quarterly Journal of Economics*, Vol. XXVIII. No 4, pp. 701-746. Cambridge, Mass, 1914.

The writer in the *Quarterly Journal of Economics* deals in the first half of his article with existing conditions with respect to agricultural credit, and in the second half with proposals for reform. After tracing the growth of mortgage indebtedness and examining the various purposes for which, at different periods, such indebtedness has been incurred, Mr Pope expresses the opinion that in a country so rich agriculturally as the United States the mortgage debt (which he places at 2,793 million dollars) is not excessive. He then proceeds to examine the sources of mortgage credit in the following order: (1) the individual lender; (2) the life insurance company; (3) the bank; (4) the State; (5) the mortgage company; (6) the building and loan association.

Passing next to personal indebtedness he discusses: (1) merchants credit (including store credit, dealer's credit and factor's credit); and (2) bank credit. The writer does not attempt to estimate the personal indebtedness of the American farmer but accepts (as in the case also of mortgage indebtedness) the figures worked out by Mr. George K. Holmes, who in 1913, made the following estimates of the farmer's personal indebtedness: Chattel mortgages, \$ 700,000,000; Liens on crops other than cotton, \$ 450,000,000; Cotton crop liens, \$ 390,000,000; Unsecured debts to local merchants, \$ 250,000,000; Other unsecured debts \$ 410,000,000.

The second part of the article consists of a critical examination of European methods and experience in connection with both mortgage and personal credit and of various proposals for legislation which have been made recently in the United States. The proposals are criticised somewhat unfavourably and the writer arrives at the conclusion that: "In the final analysis, the solution of the problem of rural credit is in the hands of the farmers themselves. They must put their business on a more efficient basis and must learn to work together for their mutual interest."

## ITALY.

MARESCALCHI (A.): IL CREDITO AGRARIO E I PRESTITI SUL VINO (*Agricultural Credit and Loans on Wine*). "Bollettino dei Viticoltori". Casale Monferrato, No. 10, October 28th., 1914.

In this article, Prof. A. Marescalchi, examining the provisions of the Recent Decree of October 11th., 1914, specially relating to agricultural credit, points out the benefit the viticulturists, especially at the present moment, may derive from that provision which authorises the ordinary savings banks and the co-operative credit societies to grant advances on pledge of agricultural produce and consequently on pledge of wine.



## Part IV: Miscellaneous

### AUSTRIA.

#### CONTEMPORARY AGRICULTURAL POLICY IN AUSTRIA.

##### CHAPTER II.

##### *AUSTRIAN LEGISLATION WITH REGARD TO THE REGULARISATION, ENFRANCHISEMENT AND PROTECTION OF FOREST AND PASTURAGE SERVITUDES, AND ITS BENEFICIAL EFFECTS (1).*

The servitudes, in virtue of which the peasantry supply themselves with wood, and pasture their cattle in forests belonging to others, in an economic point of view, closely reassemble the collective property of agricultural communities. It may be well here to point out certain errors, based on false analogy, which were made when the enfranchisements were carried out in virtue of the law of 1853 on servitudes (*Servitutendenpatent*), noting especially the deficient organisation of the groups of agriculturists to whom forest rights had been granted, and who were then indemnified by the concession of land, in consequence of which new agricultural communities were formed in an irregular manner. But one of the chief of these errors consisted in the blow suffered by the interests of those in possession of forest rights through the valuation of the land being entirely unfavourable to those indemnified. In any case it may be said that the losses thus caused have now almost been made good, by means of agricultural operations, and more especially the regularisation of new communities that have arisen among the enfranchised groups.

The contests to which servitudes continually gave rise have been put a stop to by enfranchisement, at least when arising between the landed proprietor and those whose rights were in question (if not always when arising among the latter parties). The enfranchisements took place chiefly in

(1) For sources see Introduction to the present article in our number for October, 1914, page 89.

the Sudetic and Carpathian regions, and the question of servitudes is solved there in that way.

But it was quite different in the territory where the system of regularisation was applied in the terms of the above mentioned law (*Servitutentpatent, of 1853*) viz. in those Alpine regions where this regularisation was applied in the greater number of cases. Here the insupportable inconveniences of servitudes gave rise to complaints even after regularisation — complaints which became more and more general and pressing. With regard to the right of gathering wood and anything that could be used for litter, the peasants complained that only in localities and seasons unfavourable for making such provision were these rights allowed to them. The timber trade cleared the neighbouring forests more and more, so that those who had a right to the wood could only obtain it at a great distance, and by incurring great expenses by which it lost nearly all its value. As to the right of pasturage, complaints were made, that in spite of its importance and the necessity of pasture in the raising of cattle, it is valueless under present conditions.

Plantations of trees are being formed in the immediate proximity of the cottages, so to speak, at the doors of the stables.

Pasturage is rendered burdensome by the necessity of supervision, and the number of cattle is limited. Large areas of meadow land subject to servitude are reafforested, and a decree has been passed for their protection for twenty years.

These short statements and the detailed information given in the exposition of the grounds of the first bill regarding the servitudes of Upper Austria (*Motivenbericht des ersten oberoesterreichischen Servitutentwurfes*) show moreover that the essential cause of the new disputes must be sought not in the regularisation itself, but in the whole series of economic changes and more especially in the extraordinary rise in the value of forests. The resulting inconvenience is particularly felt in the exercise of the rights of pasturage, for which the documents of regularisation (*Regulierungsurkunden*), issued at a time when the competition between meadow and forest was unimportant, admitted to pasturage on wooded lands the whole number of cattle possessed by those who held pasturage rights, without considering whether the yield was sufficient or taking into account the necessity of the maintenance and renewal of the plantations in order to preserve the forests and ensure the observance of the forest police regulations. .

Moreover, as regards forest servitudes the fact that the documents of regularisation concede to the parties enjoying them the right of acting on their own responsibility with regard to cutting down trees and exporting wood is a characteristic indication of the primitive economic organisation of that time.

"The essential cause of the deplorable conditions created by the disputes in regard to servitudes which have gone on for many years" is, therefore, as justly observed in the statement of the reasons for the new Salzburg bill, the fact "that the natural form of the rights granted to those who profit

by servitudes imposes not only on them, but on those subjected to servitudes a form of economy which in general does not meet the needs of our day, a superannuated form which seems to be in constant conflict with contemporary requirements and with modern traffic, and which must constitute an oppressive burden for both those who profit by it and for those subject to it: the anachronism of this system, the disadvantages of which all concerned endeavour to get rid of, has a fatal effect on the national economy. Thus, even in our days, when the want of wood is keenly felt, any spontaneous idea of saving wood is almost unknown to the peasant. A man who enjoys forest rights never thinks of economising the forest; he only thinks of making the most profitable use of his right. He never thinks of economising fuel; if he is obliged to repair his dwelling house he does not think of using incombustible material, iron pipes to convey water, or iron wire for his fencing. For everything of the kind he uses wood; the forest supplies him with wood, which in these days has a market value, for building purposes and heating, and the peasant sees no reasons for changing his oven, which consumes two or three times as much wood as a modern stove; the forest supplies him with wood for building his house and for fences, of which there are so many in Austria. This condition of things constitutes a real danger for the forest, and so it happens that the forest authorities often regard those who profit by servitudes as enemies. In order to preserve the forest, its utilisation is restricted and limited in every possible way, without affecting the form of the rights over it. Legal limitations, opposition and contestations of all kinds give neither truce nor rest to those possessing forest rights.

The grievances expressed on all sides in consequence of this deplorable state of things were frequently the subject of discussion in parliament and the diets, especially in the Diets of Alpine regions. At length in 1904 a bill forming a "supplement to the decrees and transactions regarding servitudes (*Ergänzung der Servitutenerkenntnisse und Vergleiche*)" was passed in Carinthia; two years later a more detailed bill was presented to the Diet of Upper Austria.

At that time the Department of Agriculture resolved to enter upon an ample and uniform legislative reform. This was begun by drawing up a specimen bill, for Carinthia (to be substituted for that which had been approved by the Diet), which was afterwards submitted to other Diets. The agricultural congress of Aussee (September 15th., 1907) presented a favourable opportunity. The deputies of Alpine districts and delegates present at the congress were given a copy of a bill drawn up by the Department as the result of a minute study of the subject; the bill was approved. Then new bills regarding servitude were presented, for the most part in the course of the same year, on parliamentary initiative, in all the Diets of Alpine regions (except Görtz, Gradisca, and Vorarlberg, where the question of servitudes has no importance), and were passed as provincial laws, except in Salzburg, where the especially complex and obscure conditions caused the failure of every attempt at solution.



The new provincial laws regarding regularisation, enfranchisement and the safeguarding of forest servitudes and pasturage are uniform in their essential provisions. They all enact that the rights of cutting and gathering wood in forests, and the rights of pasturage, shall be regulated by the general law on servitudes (*Servitutenpatent*) and by the provincial legislation which supplements it. Thus the new regularisation, as well as the enfranchisement, must be effected according to the document on the subject (*Regulierungsurkunde*); and should a new regularisation or enfranchisement be required, a new valuation of the rights of all the parties interested must be made. The object of the new regularisation is especially to define the rights of servitude so that the exercise of such rights shall be permanently ensured, and that any changes in the exigences of economic life shall be taken into account.

In the case of enfranchisement the amount of the capital or the value of the lands given as indemnity to the person entitled must be equivalent in value to the rights which he previously enjoyed; enfranchisement is only admissible so far as it does not encroach on the economic needs of the person concerned, or of the property subject to servitude, and so far as it does not compromise the interests of rural economy.

As regards details, the new regularisation of forest servitudes, extends to the following subjects: indication of the locality where wood and material for litter may be collected, the term of declarations, assignments, and the gathering of wood and other produce, how this forest produce must be carried away, (with the necessary arrangements for transport and preservation), and a further more precise specification of the quantity and the nature of the forest produce and its price, unless given gratis. According to the new system, the delivery of wood and material for litter may be substituted for the right of gathering these things; that is, instead of the person entitled collecting this produce in the forest the proprietor undertakes to deliver the required quantity of such produce every year or periodically at a determined spot. Finally, wood for building or heating purposes, and other forest produce may under certain conditions be replaced by other materials to be used for similar purposes (for instance, stone for building, wire for fences and coal or turf for heating). As to pasturage rights, the new system relates especially to the assignment of lands devoted to pasture; not only as a general rule but particularly where the right of pasturage is limited by reafforestation; the regularisation must define the period, the designation, and the notification of fencing in of the woods, show the watering-places and cattle tracks, the grazing period, the kind and number of livestock, the plantation of hedges and the hire of shepherds, the management and maintenance of roads, stables, water-pipes, the draining of marshes, the clearing of land, the improvement of pasturage and the payment of dues, etc.

The enfranchisement of forests from servitudes takes place either through the cession of lands, or the payment of a pecuniary indemnity to those entitled, according to circumstances. In the first case, care must be taken that the cession of the ground be made with due regard to the

rights both of the owner of the ground and of the consignee: in all cases the land must be of such a nature as to secure an average return equitably securing the rights of the consignee. The cessions of land destined to compensate for the right of forest pasturage must always take place, especially when reproductive forest pasturage is to be exchanged for meadow ground of sufficient extent to be utilised as pasturage.

Enfranchisement by means of pecuniary indemnities is less favoured by the laws on servitude. This mode of compensation, in so far as it is generally admitted, is effected by multiplying by 25 the average annual return during a period of ten years, and exacted under the form of a perpetual rent on the enfranchised property. The reimbursement in capital to the holder of the rent is in no way admitted in Upper and Lower Austria, nor except under very special circumstances in Styria, Carinthia, Carniola and Tyrol.

As a general rule, the cession of forest and meadow land must be *en bloc*, as regards the consignee. These collective properties are thus subject to the laws on subdivision and regularisation of farms, and form, at least when they are not broken up into individual properties, one holding, durable in accordance with its collectivity. It would be well in such cases as also in those of new regularisations of the rights of servitudes for the peasants to possess an organisation for the preparation of an administrative code. (*Verwaltungsstatut*).

We come now directly to the rules for the safe-guarding of the rights regularised. An effort is being made to ensure such safeguard by means of an economic plan for forests under servitude, according to which the authorities must first of all safeguard the interests of those who benefit by servitudes, that is those who share in rights over forests. If those entitled are prevented from obtaining the forest produce which is their due, because the proprietor makes unfair use of the forest, they should receive an annual sum corresponding to the value of such produce, calculated according to the average annual return during a period of ten years, without prejudice to legal action for the recovery of damages. This sum must be paid by the proprietor until the forest subject to servitude is again in a condition to meet the demands upon it. And till this is the case, the proprietor, except in the case of special exigences of forest police, must refrain from use of the forest. The annual sum to be paid must be ensured by a mortgage on the property.

The following provisions have been made to ensure the rights of pasturage: land subject to rights of pasturage must not be reafforested unless permission is given by the authorities in the interest of rural economy, after consultation with those entitled, to whom the right of appeal is besides reserved. In case of such permission, similar pasture lands must be assigned to those entitled or, if this is impossible, an annual sum must be allotted to them secured in the way above indicated in the case of forest servitudes.

Besides the general provisions for the safe-guarding of the rights of servitude there is also a rule in virtue of which all arrangements stipulated.

between those benefited by the servitudes and the proprietors subject to servitude relating to the new regularisation or the enfranchisement, and even all arrangements privately concluded, must be sanctioned by the authorities. In the same class of instructions are to be included the provisions of certain provincial laws (of Upper Austria, Styria and Carniola) according to which the user's rights depend directly on the holding in the interests of which the servitudes were established. Rights of pasture and gathering wood registered in the cadastre can only be cancelled when authority has been granted even where the parties interested possess all the civil rights to this effect. The same applies in the case of the transfer of the whole or part of the rights. That this authorisation may be granted even when merely for approval of arrangements stipulated between interested parties there must be taken into consideration the particular conditions of the properties in question as well as the general interests of rural economy. In those places where these restrictions are not expressly set forth by law (*Durchführungsverordnungen*) (Lower Austria, Carinthia, Tyrol), the rules concerning the application of the laws contain similar provisions; these provisions are in every case limited with regard to general interests.

Proceedings for new regularisation or for enfranchisement, according to most of the provincial laws, are initiated on the demand of one of the interested parties, that is, of those benefited by the right of servitude, and also the proprietors subject to servitude (if there be many interested persons up to one-third of their total number). Redemption, total or partial, may be carried out *ex officio* whilst the new regularisation is being effected, provided always that this measure has been legally justified.

In the general procedure, there must in every case be agreement among those interested, and it is only when such an agreement is impossible that recourse may be had to an official decision. The arrangements of the new regularisation must be noted in a plan: the new condition which will result from the enfranchisement of holdings (*Grundablösung*) must be shown in a plan of enfranchisement (*Ablösungsplan*) which will be registered in the cadastre. All operations connected with servitude, like those of agricultural operations, enjoy considerable exemptions from taxation.

The agricultural authorities are the executive organs also as far as regards the power to impose penalties. The provincial commission constitutes the final court of appeal, the departmental commission acting only as supervisor.

The authorities receive no remuneration. The parties concerned incur no expense except that for experts (not including the head of the technical department) and the necessary cost of fixing the boundaries of the land and surveying.

In considering the new Austrian legislation on the subject of servitudes as a whole, it will be seen that its provisions are drawn up with impartiality, but that nevertheless it seems to be penetrated by a spirit of benevolence towards the peasantry, in happy contrast with the spirit of fiscalism which had previously reigned unquestioned. But neither the interests of proprietors subjected to servitude, nor yet the general interests

are neglected. The exposition of the grounds for the Salzburg law shows clearly that the importance of the new regularisation which is the principal object of the reform, and which is at the same time the great difficulty in the way of its execution, consists in the fact that not only must it safeguard rights legitimately acquired, and the economic interests of those benefiting by servitudes, but also take care not to lose sight of the interests of those subject to servitudes, considering that in so far as the private interests of the proprietor subject to servitude are connected with the preservation of the forest, they also correspond with the general interests, and especially with those of the persons who benefit by the servitude, which are naturally bound up with the preservation of the forest, and with its maintenance in a condition to give to their descendants the advantages guaranteed by documents. It must not be forgotten that he who is subject to servitude has as much right as he who benefits by servitude, to the safeguarding of his interests; just as he who benefits by servitude will oppose the restriction of his rights of use so will he who is subject to servitude resist the increase of his obligations; he is even obliged to protect himself, considering that he is responsible to others for the preservation of his property, especially as regards the Government rights over the forest (*Forstärar*).

The new regularisation will in most cases perform a double function, viz. remove grievances and provide for the preservation of the forests, if only by restoring order where hitherto disorder and confusion reigned. Its first object must be the termination of disputes once for all. As soon as the conditions of the situation are clearly elucidated there will be no further pretext for numerous complaints from those interested, and the proprietors of the forest will be prevented from having recourse to legal proceedings which the peasant from his point of view regards as unjust and vexatious.

But to define precisely juridical relations will not be sufficient to bring about a radical amelioration of the present situation. All grievances cannot be attributed to a want of a sufficiently clear definition of juridical conditions; they often arise from a lack of suitable arrangements hindering the satisfactory exercise of the rights of servitude. For this reason the procedure of the new regularisation will extend also to economic improvements; it will provide for the making of roads, the planting of hedges and the hiring of shepherds. But as works of this kind will not be of great utility if those interested are permitted to make an irregular use of them in the exercise of their rights, the agricultural authorities must draw up administrative rules for each of the different groups to which the usual forest rights have been granted. Thus, servitude communities, like agricultural communities, which they closely resemble, will be rescued from a state of confusion which gives rise to exhausting legal proceedings, and will grow into autonomous and thriving economic unities.

From what has been stated it will be clear that in carrying out the work of reform the executive bodies must not enter minutely into details, but must be actuated by the spirit of organisation necessary for creating,

an equitable state of things. It will be also desirable, especially, in the case of the redemption of holdings from pasturage servitude, that they should exert an action in favour of ameliorations tending to substitute for extensive pasturage on large areas subject to servitude, a system of intensive utilisation of the lands. Such ameliorations are in every case the means of obtaining a full return from the land for the benefit of those having a right to its utilisation even when such land is limited in extent. In this way in future at least, many evils resulting from the disputes between the holders of pasturage rights and the owners of forests will be got rid of. The desire to smooth away difficulties, even before the promulgation of the laws on servitudes, was one of the chief reasons for beginning Alpine improvements and the legislative encouragement of Alpine economy of which we have spoken in the first chapter of this article.

*New regularisations and enfranchisements accomplished up to the end of 1913.*

At the end of 1913 the state of improvements in the various provinces was as follows :

(1) *Lower Austria.*

In the first stage :

1 new regularisation bearing on (about) 164 hectares, and 4 parties interested :  
Besides 2 projected regularisations :

(2) *Carinthia.*

In an advanced stage :

1 new regularisation bearing on (about)	179 ha., and	12 parties interested
20 enfranchisements	8,643 „ „	582 „ „
—	—	—
21 transactions	8,822 „ „	594 „ „
In the first stages :		
9 enfranchisements	1,245 „ „	315 „ „

In progress :

1 new regularisation	179 „ „	12 „ „
29 enfranchisements	9,988 „ „	897 „ „
—	—	—
30 transactions	10,067 „ „	909 „ „

Besides 9 regularisations and 5 enfranchisements projected.

(3) *Carniola.*

In first and more advanced stages:

7 new regularisations bearing on	3,616 ha., and	291 parties interested
1 enfranchisement	77 " "	2 " "
<hr/>		
8 transactions	3,693 " "	293 " "

Besides 4 projected regularisations.

(4) *Tyrol.*

2 new regularisations bearing on	604 ha., and	13 " "
1 enfranchisement	1,949 " "	9 " "
<hr/>		
3 transactions	2,553 " "	22 " "

In an advanced stage:

9 new regularisations	4,213 " "	183 " "
17 enfranchisements	6,584 " "	791 " "
<hr/>		
26 transactions	10,797 " "	974 " "

In the first stage:

12 new regularisations	3,293 " "	784 parties interested
3 enfranchisements	394 " "	100 " "
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15 transactions	3,687 " "	884 " "

Total in progress:

23 new regularisations	8,110 " "	683 " "
21 enfranchisements	8,927 " "	900 " "
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44 transactions	17,037 " "	1,583 " "

besides 14 regularisations and 8 enfranchisements projected.

(5) *Styria.*

At the end of 1913, formally completed:

15 enfranchisements bearing on	3,303 ha., and	81 parties interested
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In an advanced stage:

20 new regularisations	7,755 " "	199 " "
28 enfranchisements	6,799 " "	145 " "
<hr/>		
48 transactions	14,554 " "	344 " "

In the first stage :

8 new regularisations	bearing on	4,686	ha., and	252	parties interested
12 enfranchisements	" "	2,748	" "	67	" "
<hr/>					
20 transactions	" "	7,434		319	

Total in progress :

28 new regularisations	" "	12,441	" "	451	" "
55 enfranchisement	" "	12,850	" "	293	" "
<hr/>					
83 transactions	" "	25,291	" "	744	" "

Besides 17 regularisations and 28 enfranchisements projected.

(6) *Upper Austria.*

At the end of 1913, there were effectively carried out :

1 new regularisation	bearing on	170	ha., and	93	parties interested
17 enfranchisements	" "	25	" "	53	" "
<hr/>					
18 transactions	" "	195	" "	146	" "

In an advanced stage :

2 new regularisations	" "	1,782	" "	50	" "
1 enfranchisement	" "	2	" "	14	" "
<hr/>					
3 transactions	" "	1,784	" "	64	" "

Total in progress :

3 new regularisations	" "	1,952	" "	143	" "
18 enfranchisements	" "	27	" "	67	" "
<hr/>					
21 transactions	" "	1,979	" "	210	" "

Besides 1 regularisation and 4 enfranchisements projected.

*At the end of 1913:*

State of the work	New Regularisations			Enfranchisements			Total		
	Trans- actions	ha.	Persons interested	Trans- actions	ha.	Persons interested	Trans- actions	ha.	Persons interested
Fully accomplished . . . .	3	774	106	33	5,277	143	36	6,051	249
In an advanced stage . . .	32	13,929	444	66	22,028	1,532	98	35,957	1,976
In first stage . . . . .	28	11,759	1,034	25	4,464	484	53	16,223	1,518
<hr/>									
Total . . .	63	26,462	1,584	124	31,769	2,159	187	58,231	3,743
Applications . . .	47	—	—	25	—	—	92	—	—

## BRITISH-INDIA.

### LAND REVENUE ADMINISTRATION AND TENURES IN BRITISH INDIA.

By FRANK NOYCE, I. C. S.,

*Under-Secretary to the Government of India in the Department of Revenue and Agriculture.*

#### II. - - RELATIONS BETWEEN LANDLORDS AND TENANTS IN SO FAR AS THEY ARE REGULATED BY THE STATE.

We now come to the second main division of our subject, the relations between landholders and their tenants in so far as those are regulated by the State. It must first be pointed out that the necessity for State regulation of the relations between landlords and tenants is a feature of British rule. In pre-British times, the State demanded and took, whenever it could, the full economic rent and there was no room for intermediaries between it and the cultivator. The revenue imposed on the *zamindars* in Bengal at the Permanent Settlement was supposed to represent 90 per cent of their receipts, but as a result of that settlement it now represents not more than 25 per cent of the economic rent, leaving 75 per cent to be enjoyed as net rent by the landholder and other intermediaries between the State and the cultivators. In other provinces the demand has in process of time diminished from 90 per cent to well under 50 per cent of the net assets and it will be seen that this leaves a substantial margin to the landholder. In the early days of British rule, whilst on the one hand the land revenue was high, on the other the pressure of population on the land was light and there was, in consequence no competition for it. The competition was for tenants to cultivate the land. If a landholder had more land than he could cultivate himself, his anxiety was to get tenants for it in order that he might be sure of raising enough to pay the revenue on it. But with more moderate assessments and greater pressure of population, the competition for land became increasingly keen and the relative positions of landlords and tenants were completely reversed.

That of the tenants gradually grew worse and worse until finally the State had to step in on their behalf. How completely the position



changed is shown by the fact that at the time of the Permanent Settlement of Bengal, it was considered that the class which require protection was the *zamindars* not their tenants. In 1799, therefore, special powers were given to the *zamindars* to enable them to recover their dues from their tenants.

### § I. TENANCY LEGISLATION.

#### (a) *In Bengal and Behar.* (1)

The first experiment in tenancy legislation was made in Bengal in 1859. Rights of occupancy were given to tenants in lands which had been cultivated by them for twelve years and the occupancy tenants thus created were protected from enhancement of rent except on certain specified grounds. The landlord's powers of distraint for arrears of rent were also restricted. These measures failed however to give the requisite measure of protection and a much more complete Act was passed in 1885 which has served as a model for similar legislation in the other provinces in which it has been found necessary. Under the Act of 1885, every tenant who holds any land in a village for twelve years acquires thereby a right of occupancy in all the land he may hold in that village. From four-fifths to nine-tenths of the tenants in Bengal possess occupancy rights in their land. Enhancement by contract is limited to an addition once in fifteen years of one-eighth the rent previously paid. A Civil Court can enhance rent only on certain specified grounds, the most important of which are that the rate paid is lower than that paid for similar land in the neighbourhood, that there has been a rise in the average local prices of staple food crops since the rent was last fixed, or that the productive powers of the land have been increased by improvements effected at the landlord's expense. If rent is enhanced on either of the two first of these grounds, no further suit for enhancement can be entertained for fifteen years. Whether holdings are transferable or not depends on custom. A small number of tenants in Bengal hold at fixed rates and the remainder are without occupancy rights. Even the latter receive a certain measure of protection. They cannot be ejected except in execution of the decree of a competent court, nor can their rents be enhanced at shorter intervals than five years. Mention should be made of a class in Bengal known as "tenure holders." A "tenure" is an intermediate interest between the *zamindar* and the cultivator; in other words an estate within an estate. Put briefly, the distinction between a tenure holder and an occupancy tenant is that the former

(1) The Bengal Tenancy Act is in force in Bihar. Orissa has a separate Tenancy Act (Bihar and Orissa Act II of 1913). As the area to which this applies is comparatively small, considerations of space have prevented reference to it being made in the text. It may, however, here be said that, in respect of the details of tenancy legislation there given, its provisions in the main follow those of the Bengal Tenancy Act.

has acquired a right to hold land for the purpose of collecting rents or bringing it under cultivation by establishing tenants on it whilst the latter has acquired a right to hold land for the purpose of cultivating it himself. Some tenures date from the Permanent Settlement and these are usually held at a rent or rate of rent which has been fixed in perpetuity. Others have been created since the Permanent Settlement by the *zamindars* themselves either with a view to obtaining relief from the trouble of managing part of their estate or else in the hope that the arrangement will prove more profitable than direct management. In some of these cases a permanent tenure has been created by express grant or by custom. The rent may be enhanced by contract or by suit subject to certain conditions but the tenure can only be terminated by a sale for arrears of rent at the instance of the *zamindar*. In other cases the tenure is a temporary one and then it is not regulated by any provisions in the Tenancy Act but solely by the terms of the contract made between the landlords and the tenure holder. In the permanently settled districts of the United Provinces are found a special class of tenants who hold their land on a heritable and transferable right at a fixed rent and answer therefore to the tenure holders in Bengal. Other tenants in the United Provinces are divided, as in Bengal, into occupancy and non-occupancy tenants, but the word "occupancy" has quite a different connotation in the province of Agra from that which it has in Oudh.

(b) *In Agra.*

The conditions of occupancy tenure in Agra are much the same as they are in Bengal. Occupancy rights are acquired, as in Bengal, by holding land for 12 years, but the manner in which the period is calculated is not exactly the same. In Agra the change of a holding or dispossession for less than a year does not operate as a breach in the period of 12 years and a lease does not prevent the accrual of occupancy rights unless it is for at least 7 years. Rents can only be enhanced by mutual agreement or by order of a *revenue* court, and once enhanced cannot again be enhanced for 10 years, except that — and here we see the difference between a permanently settled and a temporarily settled Province — they can be altered at the time of the revenue settlement. A landlord who parts with his proprietary rights obtains occupancy rights in his home farms at a privileged rate 25 per cent. below that which is generally paid for similar land in the neighbourhood by occupancy tenants. Other tenants are simply tenants-at-will with no rights or privileges beyond those contained in their leases or agreements.

(c) *In Oudh.*

In Oudh the so called "occupancy tenant" corresponds to the exproprietary tenant in Agra and no tenant can acquire occupancy rights by prescription. The rent of an occupancy tenant cannot be enhanced

beyond a rate  $12\frac{1}{2}$  per cent below that paid for similar land in the neighbourhood by cultivators with no such right, and once enhanced cannot be enhanced for five years or until the next revenue settlement. As regards non-occupancy tenants, any person admitted to the cultivation of land is entitled to hold it for seven years at the same rent, and at the end of that period the rent cannot be enhanced by more than  $6\frac{1}{4}$  per cent whether let to the sitting tenant or to a new comer.

(d) *In the Punjab.*

The system of occupancy rights in the Punjab is somewhat similar to that prevailing in Oudh. In that province, as in Oudh, occupancy rights cannot be claimed merely on account of lapse of time. They are only given for certain historical reasons. Thus the Punjab Tenancy Act defines as occupancy tenants those who for two generations have paid neither rent nor service to the proprietor but only the share of the land revenue, those who are ex-proprietors, those who had settled along with the founder and aided in the first clearing and those who had been revenue assignees and remained in possession of the land. It is, however, open to anyone to prove any special facts other than these which would give a claim to occupancy right on grounds of law and equity. The classes entitled to occupancy right are given different degrees of privilege according to the general custom and sentiment on the subject. Their rents are limited to a standard based on the land revenue and varying from one-eighth to three-quarters in excess of the assessment. Occupancy rights pass in the direct male line and are only heritable by collaterals in certain circumstances of joint tenure. Non-occupancy tenants are not given any protection by the Punjab Tenancy Act.

(e) *In the Central Provinces.*

The Central Provinces have a tenancy law which gives the tenants a larger measure of protection than they have anywhere else. The proprietors of villages in those Provinces were a more or less artificial creation and it was consequently felt that as they owed their position entirely to Government, there was every justification for strictly limiting their control over their tenancy both in the matter of raising rent and in that of ejection. Mention should first be made of a class the members of which are not, strictly speaking, tenants at all. They are the proprietors of isolated plots of land in villages over which they have complete heritable and transferable rights. The only connexion between a "plot proprietor" and the proprietor of the village in which his plot is situated is that his revenue is paid to Government by the proprietor of the village, a small commission being paid for collecting it. Of the three classes of tenants proper, the "absolute occupancy tenants" are in the strongest position. Their rent is fixed for the term of the revenue settlement and their rights are heritable and transferable, subject to pre-emption on the part of the landlord. Proprietary rights in

plots and absolute occupancy rights were conferred at the same time as proprietary rights in villages and cannot now be acquired. Absolute occupancy tenants included old hereditary cultivators, those who had once a proprietary character, those who had expended capital, those who had taken part in the founding of a village, and so on. The rent of "occupancy tenants" is also fixed by the Settlement Officer at the Settlement of the land revenue but it is liable to enhancement by a revenue officer at intervals of not less than ten years on the ground that the rent fixed at the last land revenue settlement was less than the full rent assessable or that there has been a rise of prices since the settlement. Occupancy rights are heritable, but are not now transferable except to an heir or a co-sharer resident in the village or by a lease for one year. Until recently they would be acquired by prescription as in Agra and Bengal, but this provision has been abrogated and they can now only be obtained by the payment to the landlord of a premium of  $2\frac{1}{2}$  years' rental. The rents of "non-occupancy tenants" are also fixed at settlement and the Settlement Officer has power to reduce exorbitant rents. Rents can be enhanced seven years after settlement but the enhancement may not exceed 33 per cent of the existing rent. Even the non-occupancy tenure is heritable but only by direct succession and not by collaterals unless they have a share in the holdings.

(f) *In Madras.*

In Madras until comparatively recently the relations between landlords and tenants both in the permanently and temporarily settled tracts were regulated by the simple provisions of an Act of 1865. Since 1908 the permanently settled parts of the Province have come under the operation of an improved and more elaborate Rent Act based on the tenancy legislation in other provinces. The Act conferred occupancy rights on all tenants who at the time when it was passed were in possession of land in an estate other than the private land of the proprietor. As in the Central Provinces, a non-occupancy tenant can obtain occupancy rights by the payment to the landlord of a premium equal to  $2\frac{1}{2}$  times the annual rental. The grounds on which rents can be enhanced are the same as in Bengal and Agra, but the enhancement cannot exceed more than two annas in the rupee and rents once enhanced cannot again be enhanced for twenty years. Occupancy rights are heritable and transferable.

In all provinces an abatement of rents is allowed on the opposite grounds to those which justify an enhancement and in those cases in which Government officers have powers to fix fair rents, their powers include power to reduce as well as to enhance rents. In the temporarily settled provinces, the landlord must pass on the benefit of a suspension or remission of the revenue due to Government to the tenant in the shape of a corresponding suspension of remission of rent.

## § 2. RECOVERY OF ARREARS FROM TENANTS.

The protection accorded by the State to the tenant extends to the recovery of arrears which can only be carried out by proper legal processes. In the Central Provinces, an absolute occupancy tenant and in Bengal and Madras an occupancy tenant cannot be ejected for arrears of rent, but their holdings may be sold in execution of a decree for the arrears passed by the Civil or Revenue Court. In other provinces, both occupancy and non-occupancy tenants can be ejected for arrears but the ejectment must be by notice or suit and the procedure is laid down by the Tenancy Acts. In Bengal, the United Provinces and Madras the landlord has also a remedy by distress. In Bengal and the United Provinces his powers are very limited. The distraint is confined to the crops or other products of the holding in arrear, reaping and threshing may not be interfered with, the arrears for which the distraint is made must not have been due for more than a year and the distraint must either be made through the Court or reported at once for the Court's information. Should the arrears not be paid up and it become necessary to sell the distraint property, the sale can only be carried out by an officer empowered by Government to conduct such sales. In Madras, the landlord's powers are more extensive. In that province, he can distrain on his own responsibility not only the crops and other products of the holding in arrears, but also the movable property of the defaulter with the exception of certain articles such as wearing apparel, cooking vessels, beds, and bedding, agricultural implements and sufficient seed grain to enable the holding to be cultivated during the following cultivation season. As in Bengal and the United Provinces, the distrained property can only be sold by a properly empowered officer. In the Central Provinces and the Punjab, landlords have no powers of distraint, but in the Central Provinces the landlord can prohibit the removal of the produce of a holding pending the institution of a suit for the recovery of the arrears, and in both provinces, if the produce of a holding is already under attachment by order of a Civil Court, the landlord may apply to the Court to sell it and pay him the arrears out of the proceeds.

## § 3. POSITION OF TENANTS IN THE RYOTWARI PROVINCES.

In the *ryotwari* provinces where land is cultivated to much larger extent by the landholders themselves and in consequence rents are far less prevalent, special tenancy legislation has not so far been found necessary. In Madras landlords in the *ryotwari* part of the Province have the same powers as regards recovery of rent from their tenants by distraint and sale of movable property as landholders in the permanently settled areas. In Bombay it is prescribed that the relations between landlord and tenant,

or, as they are called, superior and inferior holder — the superior holder being the direct occupant paying revenue to Government and the inferior holder the occupant paying rent to some superior — shall be regulated by agreement and, if such agreement does not exist, then by the custom of the locality. If there is neither agreement nor custom as to the rent or the duration of the tenancy, then the tenant is presumed to hold at such rent as having regard to all the circumstances of the case is held to be just and reasonable. Nothing in the Land Revenue Act effects the right of the superior holder to enhance rent or to evict for non-payment of rent if he has the right to do so by agreement or by usage or otherwise. Superior holders may apply to the revenue authority for the recovery of the rent due to them and this assistance consists in applying the same measures as would be taken to recover land revenue due to Government.

#### § 4. SYSTEMS UNDER WHICH RENT IS PAID IN KIND.

It will have been noticed that the legislative provisions which have been discussed have dealt with rents paid in cash. It must, however, be pointed out that the payment of rent in kind is very common still in all parts of India, especially in the Punjab, though with the development of the country cash rents are more and more taking the place of rents in kind. The most usual system followed in paying rent in kind is that under which the produce is actually divided, the share claimed by the landlord varying from one half to one-third of the produce after paying various expenses such as payments to reapers, dues to village menials, etc., which would ordinarily fall on the tenant. Another system which although not so common as that just mentioned is frequently met with, represents a transition stage between payment in kind and payment in cash. Under it the standing crop is appraised, the share of the produce due to the landlord is valued in money, and the value is paid instead of delivering the produce. In some cases whilst the rents of the staple crops continue to be paid in kind, cash rates are paid for special crops, such as sugar-cane and fodder. Other rental systems which occur less frequently are those in which a cultivator pays for each plough he works or his rent is regulated by the amount of irrigable land he cultivates and is not affected by the area of dry land in his possession. It is obvious that many of the provisions of the tenancy laws are inapplicable to cases in which rents are paid in kind. Such questions as enhancements or abatements due to rise or fall of prices or to improvements or deterioration in the tenants' holding solve themselves without the assistance of legislation. But subject to the modifications which these circumstances entail, the Tenancy Acts apply equally to tenants whose rents are paid in kind or in cash. It is usually provided that on the application of either of the parties concerned to the proper revenue authority rents paid in kind may be commuted to a cash rent and that disputes about the division or appraisement of the produce may be decided by a revenue officer specially deputed for the purpose.

## III. — LAND REVENUE ADMINISTRATION.

We come now to the last main division of our subject, the land revenue administration, that is the agency by which the land revenue is collected and by which the records on which its collection is based are maintained. It is not necessary to give a detailed description of the agency by which the revenue is fixed. The assessment of the revenue and the preparation or revision of the "record-of-rights" are carried out by a special staff consisting of a "Settlement officer" and "Assistant Settlement Officers," usually drawn from the ordinary revenue line, to which after a few years' work on settlement they revert, and various subordinates whose experience is as a rule confined to settlement and who move on from district to district with their settlement party, as the re-settlement of the various districts falls due. As has been already pointed out, a district is only settled once in twenty or thirty years, so that settlement work is outside the scope of the ordinary district administration.

## § 1. THE ADMINISTRATIVE AREAS.

(a) *Village administration.*

It will be convenient to start at the bottom and work upwards.

The unit of administration is the village. Each village has an official "headman." In the *zamindari* provinces, elsewhere than in the permanently settled areas, the appointment, as is shown by the title of its holder, which is generally vernacular derivative from the English word "number," is a more or less artificial one which has been added to the village organisation in comparatively recent times to represent the village in its dealings with the local authorities. The principal, often the only, duty of the "headman," who is usually a hereditary officer, is the collection of the revenue and canal rates, a percentage of which he receives as remuneration. There may be as many "headmen" as a village has estates or sections and where, as in the Punjab, the number of sectional headmen is sometimes considerable, a single representative of the several representatives is selected. In the Punjab, too, in most districts, the villages are grouped together into circles, each of which is under a non-official of local influence, whose duty it is to render assistance to all Government officials. The post is a purely honorary one. In the Central Provinces the "headman," or if there is more than one a selected "headman," is also the executive head of the village. In the *ryotwari* provinces, the village "headman" is a natural part of the constitution and is still known by the vernacular old titles, which differ according to the different languages. His primary duty is the collection of the revenue but he is not directly responsible for any revenue ex-

cept that of his own holdings. Unlike the "headman" in the *zamindari* provinces he has however many other duties. He is often a petty magistrate, and acts as an official arbitrator or a civil court in petty cases. He is also the registrar of births and deaths for the village. The office is usually an hereditary one and still in some cases, especially in Bombay, has an official land holding attached to it. In Madras, as has already been stated, the revenue free holdings, formerly attached to the offices of village headman and village accountant, have recently been released to their holders in absolute property subject to the payment of a quit rent. More important in the official hierarchy than the village headman is the village accountant. In the *ryotwari* provinces there is usually one accountant to a village, but in the north of India where the village records are not so numerous or so detailed, one accountant is appointed to a circle of several villages. In Madras and Bombay the office is usually hereditary. That is also the case to a certain extent in the *zamindari* provinces, where the son of an accountant has the prospect of succeeding to his father's post in preference to other candidates provided he is properly qualified. The accountant is remunerated by a fixed salary. His chief duties are to keep the village accounts of revenue payments, and in *zamindari* provinces also of rent payments, and of items chargeable to the common fund of the village, to have charge of the village map, field registers and other records of landed rights, shares or interest as prepared at the survey or settlement, to keep the village maps up to date and to make inspections from which to obtain the information required to fill up the various statistical returns showing the crops sown and harvested, the number and kind of wells, of cattle groves and orchards. He has also to maintain a record of all changes of land and, except in Madras, where there is no record of rights, has a special register for noting transactions by way of sale or mortgage or under the law of inheritance. He is also bound to report any unusual occurrence such as an epidemic of cattle disease, damage done by locusts, etc. Brief mention should be made of the village menials, the village watchman, the village messenger, the carpenter, blacksmith, potter, barber and so on. Some of these, the watchman and the messenger for example, are remunerated by fixed salaries, others by a share in the grain heap in *zamindari* provinces and by grants of land free of revenue in *ryotwari* provinces.

Next above the accountant comes an official known as the revenue or circle inspector whose duty it is to supervise the work of a number of accountants, to see that they do their inspections, to check their accounts and other registers, to look after the maintenance of boundary marks and so on.

#### (b) *The Tahsil.*

Three or four revenue inspectors' charges form a *tahsil* as it is called in the Punjab, the United Provinces and the Central Provinces. The *tahsil* has a different vernacular name in Madras and Bombay and in Burma the somewhat clumsy and inexpressive word "township" has been adopted



as the English equivalent. The officer in charge of this area is known as the *tahsildar* in all provinces except Bombay and Burma. In the latter province he is the "township officer." The area of the ordinary *tahsil* varies from 400 to 600 square miles. In a large or heavy charge in the north of India the *tahsildar* is given the assistance at his headquarters of a deputy. In Madras and Bombay the deputy is placed in charge of a sub-division of the *tahsil* under the general supervision of the *tahsildar*. In Bengal owing to the history of the Native Administration, the Local revenue subdivisions of pre-British times had disappeared at the commencement of British rule, and as the land revenue of the Province was fixed in perpetuity it was not considered necessary to replace them. In Bengal, therefore, the village and *tahsil* organisation is non-existent, but the place of the *tahsildars* of other provinces is now, to some extent, taken by Sub-Deputy Collectors who are stationed at the headquarters of the district or of a sub-division of the district and have no separate charges of their own. The *tahsildar* has under him a staff of accountants and treasury clerks for the purpose of receiving the local land revenue and sending it on to the district treasury. The revenue inspectors are, of course, under his supervision. His duties in connexion with land revenue do not comprise the whole of his functions. Thus he is an assessing officer for the purposes of income tax and is connected with the excise administration. He is also frequently a magistrate, but with these branches of his activities we are not here concerned.

### (c) *The District.*

We now come to the district, which is the fundamental administrative unit. The number of *tahsils* which go to make up a district varies greatly. The average to the whole of India is five, but in Madras and Bombay it is as high as between eight and nine. The average area of a district is between four and five thousand square miles, and its average population rather under a million. The districts are largest in Madras and smallest in the United Provinces. The head of the district is known as the Collector and District Magistrate in the older provinces and as Deputy Commissioner in the more recently acquired territories. In the older provinces he is almost always a member of the Indian or Covenanted Civil Service recruited in England, though a few posts are held by native officers of the Provincial Civil Service. In the newer provinces the staff known as the "Commission" may be drawn from the Indian Civil Service, from the Provincial Civil Service or from other sources and also include officers of the Indian army. The duties of a Collector, as far as the administration of land and other revenue is concerned, are thus summed up in the "Imperial Gazetteer of India:" "Apart from the duties immediately connected with the assessment and collection of land revenue and with the village establishments, the Collector is concerned with all matters affecting the condition of the peasantry, he supervises the compilation of the periodical returns of produce and prices, he adjudicates in several provinces on rent and other disputes between landlord and tenant and he makes loans

on behalf of the Government for agricultural purposes. The Collector has also charge of the local administration of excise, income tax, stamp duty and other sources of revenue and he is responsible for the management of the district treasury into which the revenue and other public receipts are paid and from which all local disbursements are made." This forms only a part of his multifarious activities but it is unnecessary here to describe his magisterial duties or those in connection with Public Works, Forests, Jails, Sanitation and Education. It is sufficient to say that he is expected to interest himself in all matters affecting the well-being of the people. The Collector or Deputy Commissioner is assisted by Assistant Collectors and Assistant Commissioners, like himself members of the Indian Civil Service, or of the Commission, and by officers of the Provincial Civil Service known as Deputy Collectors or Extra Assistant Commissioners. In all provinces, except the Punjab, these officers are placed in charge of part of the district known as the "subdivision," of which the large Madras districts contain as a rule four or five, the other provinces a smaller number. Within that area the sub-divisional officer exercises the powers of a Collector on a smaller scale and subject to the general control of the Collector, and in some instances to specific appeal either to him or the Commissioner. In Bombay and the United Provinces, the sub-divisional officers when not touring in their charges live at the head-quarters of the district. In the other provinces they reside within their jurisdiction. In the Punjab there are with a few exceptions no local charges and the Assistant and Extra Assistant Commissioners reside at the district head-quarters and give the Deputy Commissioner general assistance.

#### (d) *The Divisions.*

In all provinces except Madras, three, four or more districts make up a division under the general superintendence of a Commissioner who forms the channel of communication between the district officers and the Government or the Board of Revenue. He is the appellate authority in land revenue matters from the orders of the Collector or Deputy Commissioner and the first grade of his Assistants; he is charged with the duties of inspection and control, with the sanctioning or refusing certain expenditure and with various matters of appointment or discipline in respect of certain grades of public servants. Land Revenue Settlements in the division are conducted under his supervision.

### § 2. THE ADMINISTRATIVE AUTHORITIES.

#### (a) *The Board of Revenue.*

Between the Commissioner and the Local Government in Bengal, Bihar and Orissa and the United Provinces comes the Board of Revenue consisting of one or two members through which revenue matters pass from

the Commissioner to Government. The place of the Board of Revenue is taken in the Punjab, the Central Provinces and Burma by one or two Financial Commissioners. Madras has a large Board of Revenue consisting of four members who, instead of being Commissioners for separate territorial divisions, are Commissioners for certain subjects — Separate Revenue, Forests, Land Revenue Survey and Settlement, etc. — acting collectively as a Board only in very important cases.

(b) *The Departments of Agriculture and Land Records.*

Two Departments should be mentioned which, though standing outside the district organisation, are yet in close touch with it — the Department of Land Records, whose duty it is to assist the district officers in maintaining the land records and statistical returns and in training the subordinate staff in such matters as survey, and the Department of Agriculture. Each of these Departments is under a Director who may be subordinate either to the Board of Revenue or Financial Commissioner or directly to Government.

(c) *The Local Government.*

Above the Boards of Revenue and Financial Commissioners it is unnecessary to go in any detail for the purposes of this article. The major provinces have a Local Government, the head of which in Madras, Bombay and Bengal is a Governor assisted by three members of Council, in Bihar and Orissa a Lieutenant Governor with three members of Council, and in the United Provinces, Punjab and Burma a Lieutenant Governor. In those which have a Council, one member is in charge of the portfolio of the Revenue and possibly other Departments. The smaller provinces, of which the two most important are the Central Provinces and Assam, have a Local Administration, the head of which is known as the Chief Commissioner. Theoretically Local Governments have somewhat larger power than Local Administrations, but in practice there is now not much difference. In each province the Local Government or Local Administration divides its work of correspondence into departments with Secretaries and Under-Secretaries in each. In most of the larger provinces, the work of a Revenue Department occupies the full time of a Secretary and an Under-Secretary.

As regards the Government of India, it is only necessary to say that of the seven members of the Executive Council of the Viceroy or Governor General, one member is in charge of the Department of Revenue and Agriculture and is assisted by a Secretary and Under-Secretary.

APPENDIX I. — *A Brief Bibliography.*

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APPENDIX II. — *Statement showing Population, area under Cultivation and Land Revenue for each of the Major Provinces in India for the year 1912-13.*

Province		Population	Area under cultivation	Land Revenue	
			Acres.	Rs.	£
Madras . . . . .	Temporarily settled.	29,708,025	21,130,466	5,73,35,714	38,22,381
	Permanently settled.	8,501,411	6,606,104	66,21,950	4,41,463
Bombay . . . . .		18,647,032	19,420,829	3,98,89,682	26,59,312
Bengal . . . . .	Temporarily settled.	* 44,588,115	2,453,994	46,12,151	3,07,477
	Permanently settled.		21,550,805	2,25,07,394	15,00,493
Bihar and Orissa . . . . .	Temporarily settled.	* 34,490,084	3,680,564	42,60,383	2,84,625
	Permanently settled.		21,224,941	1,07,21,671	7,14,778
United Provinces . . . . .	Temporarily settled.	41,587,894	31,609,656	6,02,69,298	40,17,953
	Permanently settled.	5,601,875	3,616,076	54,98,927	3,66,595
Punjab . . . . .		19,548,100	23,371,875	3,63,56,483	24,23,765
Central Provinces . . . . .		10,864,915	14,877,199	1,01,27,927	6,76,528
Assam . . . . .	Temporarily settled.	* 6,713,635	Information not available	74,21,821	4,94,788
	Permanently settled.			3,76,490	25,099
Burma . . . . .		10,575,187	13,420,485	4,66,84,786	31,12,319

\* The population for temporarily and permanently settled areas is not given separately.

## ROUMANIA.

### THE IMPROVEMENT OF LAND IN THE DANUBE INUNDATION ZONE.

#### OFFICIAL AUTHORITIES:

**LEGE PENTRU MODIFICAREA.** Art. 17-32. Din Legea Pentru Punerea în Valoare a Pământurilor din zona de Inundație a Dunării de la 21 Decembrie 1910 (Law amending Art. 17-32 of the law of December 21st., 1910 respecting the improvement of the inundation zone of the Danube). - Buletinul Ministerului Agriculturii și Domeniilor, April-March, 1914. Nos. 1-2 and Nos. 8-10) November, 1910-January, 1911. Bucharest.

#### § I. GENERAL REMARKS.

It is well known that the lower part of the valley of the Danube, or speaking more exactly, the portion lying between Oltenitsa, opposite Silistria and the mouth of the large river, although exceptionally damp and fertile, is not adapted to regular agricultural exploitation on account of the irregularity of the water supply owing to the frequent inundations of the Danube.

The necessity of controlling the water supply and thereby rendering a vast extent of country suitable for cultivation has been felt for many years and especially from the moment when Roumania entered on the new course which was in a short time to transform her into one of the most important agricultural centres of Europe. It was a question of saving and reviving entire provinces, and notably Dobruja and the delta of the Danube. The solution of so important and vast a problem could not be left to private initiative which has not at its disposal either the necessary resources or enterprise. It is thus that upon the State devolved the most important part of the duty of preparing and carrying out of the work, as well as of obtaining the funds necessary for bringing to a successful conclusion this scheme which is of the greatest public utility.

Thus on December 18th., 1910, the Roumanian Parliament passed a law for the improvement of the Danube inundation zone, instituting a special service of land improvement and fixing the aims, as well as regulating the studies and the methods of work of this service.

The law of 1910 has recently been amended by a new law promulgated on April 2nd., 1914, as regards the funds necessary for the execution of the work and for the improvement of the land. In the following paragraphs, we shall consider in detail these very important laws.

## §. 2. THE OFFICE OF LAND IMPROVEMENT.

The Office of Land Improvement, instituted, as we have said, by the law of 1910, is a division of the Department of Agriculture and Crown Lands and is placed under the direct supervision of the Department, having at its head a Director General and a Council of Administration.

The objects of the Land Improvement Office are many and various; the principal are study, the preparation of designs for the construction of dykes and engineering works necessary for the draining, amelioration and reclamation of the land in the portion of the plain of the Danube which is subject to inundation, as well as the execution of works connected therewith and the preservation of existing constructions. These works are carried out wherever they are necessary, both on State property and on that of private individuals.

The Director of the Office of Land Improvement is a General Director appointed by the Minister of Agriculture and Crown Lands. The Administrative Council is composed of 9 members of whom six are appointed by virtue of a royal decree by the Minister of Agriculture, while the three others are members by right of offices they hold: the Director General of the Roumanian Hydraulic Service and River Navigation, the Director of Fisheries at the Department of Agriculture and the Head of the Military Staff. The six first members are: a member of the Superior Council of Hygiene, three country proprietors of districts exposed to the inundations, an engineer and general inspector of the technical council of the Department of Public Works and a magistrate.

The members of the Administrative Council of the Office of Land Improvement remain in office for 5 years. As regards the work of the General Director and of the Administrative Council of this Office, we shall not speak of their purely administrative functions, but shall briefly mention those of a technical character.

Amongst the duties of the General Director we may mention:

(1) The direction and elaboration of schemes, of studies and works and the maintenance of already existing works.

(2) The drawing up of deeds, contracts, transactions, and agreements of every kind in accordance with the decisions of the Administrative Council.

(3) The authorisation of expenditure, leases or rents of which the amount does not exceed 5,000 lei (1).

(1) 1 lei = 1 franc.

The Administrative Council has an advisory and executive character. It gives its opinion on the different projects elaborated under the supervision of the General Director; it pronounces in regard to the legality of the constitution of syndicates, passes judgment on the possibility of executing the works proposed by the latter, and composes any differences of opinion which may arise. Further, it pronounces on the additional value that will result from the proposed work, and on the credit which can be given by the State for such a work etc.

Such, in general outline, is the constitution of the Office of Land Improvement and the programme it carries out. It must not be forgotten that it acts under the absolute and constant control of the Department of Agriculture, that the Minister himself can take part in the meetings of the Council as president, and finally, that no opinion or decision emanating from the General Director, or the Council of Administration can have force without the approbation of the Minister.

### § 3. THE SYNDICATES AND EXPROPRIATIONS.

If all the districts where the works are to be carried out belong to the State, the execution and maintenance of the works naturally devolve upon the Government, and more especially form a charge against the Department of Agriculture and Crown Lands. The execution of the work is entrusted to the Office of Land Improvement.

But if a part only of the land to be improved belongs to the State and the rest belongs to private individuals, the Department of Agriculture can form with the various proprietors a special syndicate regulated by rules in regard to the manner in which the works are to be carried out, the upkeep of the works, the duration of the syndicate, the amount of the expenses falling to the share of each member, the necessary reserve fund to cover the possible destruction of constructions or works etc.

In this case, the studies, schemes and execution of the works are entrusted to the State which also represents the syndicate in law.

There is still another case to be considered; when all the property to be improved belongs to private individuals. Under these circumstances the district may belong to one owner, who has to defray the whole cost of the works under the condition and with the facilities of which we shall speak presently, or there are two or more proprietors who are obliged by law to form a syndicate governed in its turn by special rules, which must contain over and above the information set forth in the rules of the syndicates of which the State is a party, special regulations respecting the constitution of the funds necessary for the execution of the works, to insure that the funds are sufficient to carry out the studies, plans, etc. In every case, the rules of the different syndicates must always provide for the formation of a reserve fund to assure the permanent maintenance of existing works, and the formation of a reserve fund for their reconstruction in case of unforeseen accidents.



The rules must be approved by the Department of Agriculture and Crown Lands.

That part of the law of 1910 which deals with expropriations is no less important. These expropriations are authorised in all cases where the Administrative Council of the Service of Land Improvement considers it necessary to execute some works for a given reason, or in a certain locality. The procedure is in accordance with the law of expropriation for public utility; but in all cases the indemnity to be paid for the expropriated area is calculated with reference to the nominal value of the land at the time of expropriation.

Special provision is made to meet the cases where the land of the plain of the Danube or other rivers subject to floods belongs to a Rural Bank. In this case the bank can, if it wishes, sell this property to the State which is obliged to purchase it.

#### § 4. THE FUNDS FOR CARRYING OUT THE WORKS.

As regards the funds for carrying out the works, the law of April 2nd., 1914, while conforming almost entirely to the general principles laid down by the law of 1910, has considerably amended those of the earlier law. These amendments principally concern the making of loans to the Rural Credit Institute. In consequence we shall not speak of the provisions of the law of 1910, but content ourselves with pointing out those which came in force under the law of 1914.

From this point of view also, the law distinguishes two cases, the one where the State is the sole owner or is represented in the syndicate of the proprietors, the other where the land to be improved is entirely the property of private individuals.

In the first case, the necessary funds are obtained by authorising the Department of Agriculture and Crown Lands to open special credits. The latter are covered by the issue of loans guaranteed by the State by means of certificates of stock issued in the country, or abroad, or by mortgages taken up by the Rural Land Credit Institute.

The whole sum which the Department is legally entitled to procure in this manner is 70,000,000 lei, but the expenses as well as the work must be distributed, and the annual expenditure may not exceed 7,000,000 lei, the Department having the power to carry over to next year's accounts the portion of the sums assigned to it not spent in any particular year.

The duration of the loans contracted by means of an issue of bonds, or stock, is 33 years; this limit is not always applicable to loans made by the Rural Land Credit Institute; in that case the terms of the loan are established according to the rules and regulations of that Institution.

In order not to hinder the execution of the works through want of funds, the law allows the Department of Agriculture the power to procure certain

sums — to the amount of 5,000,000 lei — from the Deposit and Loan Bank, pending the collection of the results of the issue, or the payment of the loan contracted with the Rural Land Credit Institute. The sums thus borrowed from the Deposit and Loan Bank are in their turn guaranteed either by an issue of bonds, or by means of a new loan from the Rural Credit Institute.

If the State is a member of the syndicate, and always where the expenses of the execution, up-keep, or continuation of the works are directly defrayed by the State, the Department of Agriculture draws up for each of the proprietors interested, estimates showing the necessary expenses of the works. Naturally, the proprietors are required to contribute to the execution of the latter, whether it is a question of the construction of dykes — a matter of general interest — or of inland drainage works and their maintenance which is an affair of individual interest. These contributions are paid according to the work done, the special technical requirements due to the nature of the soil and the configuration and situation of the land being, of course, taken into consideration.

All works of public interest, which are of importance to several land-owners, are obligatory upon the syndicates, which must supply the necessary funds, but they are executed through the agency of the Land Improvement Office. The expenses are divided between the different proprietors according to the advantages accruing to them.

With regard to the syndicates of which the State is a member, we must further mention that the State may advance the sums necessary for beginning and carrying out the works to such proprietors as, at the time when the syndicate is definitely constituted, are not in a position to pay their contributions towards the execution of the work, or to the reserve fund. In any case, these advances are only made in the case of works to be carried out on ground of which the value can be increased, so that this land may represent a sufficient guarantee for the repayment of the sums advanced.

In this case, the Department of Agriculture, through the agency of the Office of Agricultural Improvement, before beginning the work, establishes a mortgage sufficient to cover the anticipated cost of work and the portion of the reserve fund advanced by it.

The mortgage accepted under these conditions is provisional, for it only covers a sum approximately fixed in the estimates; when the work is settled, the mortgage is modified according to the actual amount of the expenses incurred, and the existing amount of the reserve fund.

The definite reserve fund is obtained by increasing, or decreasing, according to circumstances, the anticipated sum paid in at the beginning of the work, in such a manner that it represents 15 per cent. of the actual value of the work done.

Neither the various owners who contribute to its formation nor the syndicates reserve any right over the reserve funds thus constituted, for they belong exclusively to the Office of Land Improvement.

The reserve fund is placed in the Bank of Deposits and Loans, in State bonds, or in rural land mortgage bonds and serves, as we have already had occasion to mention, as a fund to meet the expenses of important repairs, or of the reconstruction of works rendered necessary by unforeseen contingencies.

The debt of the proprietors to the State is paid in annual instalments, on the same terms, and at the same rate of interest as that paid by the State to repay the debt it contracts in order to make the advances.

The provisions of the new law, as far as they concern the carrying out of work by private individuals, or by syndicates of which the State is not a member, do not differ in substance from those which we have set forth above. In every case, the Department of Agriculture reserves to itself the most complete control as regards the approval of the schemes or the superintendence of the execution of the work.

We must note in conclusion that when the State undertakes the maintenance of completed works, or their reconstruction in case of accident, whether it is one of the members of the syndicate or not, neither the proprietors interested, nor the syndicate in their name, can demand any indemnity. In this case, the State always undertakes to begin the necessary works at once, and so complete them with the least possible delay.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

### CANADA.

THE CANADA YEARBOOK 1913. Published by Order of the Hon. Sir George E. Foster, Minister of Trade and Commerce. Ottawa, 1914. 8vo. pp. XVI + 656, with map and various illustrations and diagrams.

The very rapid development of Canada has been dealt with in numerous publications, but all are not to be relied on, either because they show too clearly that their object is to attract new colonists to the districts still unexploited or because they are rather literary than strictly scientific works.

This official yearbook will serve much better than they to show the progress made, by means of the dry eloquence of the statistical tables of which (except for a part containing a few historical, geographical and demographic particulars) it is almost exclusively composed. So in the field of agriculture, in which we are chiefly interested, we find that the value of the land and of farm buildings had risen from 1,403,269,501 dollars in 1901 to 3,335,575,010 dollars in 1911: adding to these figures those for livestock, dead stock, etc., we see there has been an increase in value from 1,787,102,630 dollars to 4,222,695,387 dollars in the course of ten years. The production of grain increased from 55,572,768 bushels in 1900 to 132,075,082 bushels in 1910. The increased production of grain was accompanied by an improved organization for the distribution and sale of cereals. Thus, while in 1901 only 167 railway stations had elevators and stores (333 and 76 respectively, in which 10,323,272 bushels could be stored), in 1914 there were 347 stations with 689 elevators and 6 stores to hold 23,370,000 bushels. With these figures relating to agriculture correspond those for all the other branches of production, industry, trade, transport, communications, finance, etc., shown in this yearbook and indicating the progress of the country.

ANNUAL REPORT OF THE DEPARTMENT OF AGRICULTURE OF THE PROVINCE OF ALBERTA, 1913. Edmonton (Alberta), 1914, pp. 260 + II.

This is one of the reports the Departments of Agriculture of the various provinces of Canada publish annually on their work, the general conditions

of agriculture, and the work of the various agricultural institutions in the province.

Alberta is still a new district, in which much land is yet awaiting colonists and the immigrants who arrive there in numbers every year are welcomed: in 1913 47,056 arrived (5.9 % of the whole population) of whom, a very characteristic fact, 25,669 came from the United States. Yet in Alberta, though it must be classed among the comparatively new countries, the organisation of agriculture has been remarkable. This is proved by the above Report which, besides dealing with matters of technical character, also shows the work done by the various associations for livestock improvement, co-operative dairying, the sale of eggs etc. It also contains information on the *Women's Institutes* and generally on the work done by public and private institutions in the professional education of young farmers.

#### BRITISH COLONIES.

HANDBOOKS ON CANADA, AUSTRALIA, NEW ZEALAND AND SOUTH AFRICA. With Maps. Compiled by Walter B Paton, M. A. and issued by the Emigrants' Information Office. London, 1914, 805 pp., 11 maps.

This is a collection, in a single bulky volume, of the Handbooks issued by the Emigrants' Information Office, on Canada, New South Wales, Victoria, South Australia, Queensland, Western Australia, Tasmania, New Zealand and South Africa, together with a Professional Handbook, showing the necessary qualifications in these countries for the exercise of the different professions and a further handbook containing the statutes both of the United Kingdom and of the colonies, relating to emigration, and information regarding the work of the British emigration societies. The large maps which are bound up with the handbooks add greatly to the interest of the collection.

Primarily intended for would-be emigrants, to whom they offer an embarrassing choice of opportunities, the handbooks contain much that is of general interest in regard to the economic organisation of the various colonies and more particularly to the methods of land settlement adopted. All the colonies still have large areas open to colonisation and all offer land on a great variety of different terms in order to meet the tastes or the circumstances of all desirable classes of settlers.

## ERITREA.

MORI (Prof. ANGELO) : Manuale di Legislazione della Colonia Eritrea. (*Handbook of Legislation of the Colony of Eritrea*). Vol. 7, 8vo. Rome, "L'Universelle", 1914.

This Handbook, published by the Colonial Department, not only contains, in chronological order, all the laws, regulations and decrees issued for the Colony of Eritrea, since the beginning of its colonisation by the Italians up to November 20th., 1912, but also the treaties, agreements, conventions, orders, instructions and circulars concerning it, so as to show the progressive development of the colony from the point of view of law and administration. It will prove of the greatest use to those who interest themselves in colonial matters either on scientific or practical grounds.

## UNITED STATES.

BUCK (S. J.): THE GRANGER MOVEMENT. 1 vol. 8vo., 384 pp. The Harvard University Press, Cambridge, 1913.

The author of *The Granger Movement* explains at the outset that he has not attempted to write a history of the "Grange," as the Order of Patrons of Husbandry is popularly called. His book is described in a subtitle as, "A study of agricultural organization and its political, economic and social manifestations", and deals with the general agrarian movement of the period from 1870 to 1880, which centered round the Grange and which, in the public mind at least, is indissolubly connected with that Order.

The period dealt with is perhaps the most interesting, and it is certainly in many ways the most critical, through which American agriculture has ever passed. It was a period of great expansion and of technical advance, but, at the same time, of financial uncertainty, political unrest and economic discontent. The farmers suffered in common with other classes in the country from the unstable condition of the currency and the accompanying speculation, from the high tariff, from heavy taxation, and from the diversion of an enormous amount of capital from various uses into railway construction; while in addition they had grievances of their own, particularly against the railway companies, and the so-called Granger movement is generally associated with the fight against railway monopoly and the beginning of anti-trust legislation. It is not surprising, therefore, that Professor Buck has devoted three chapters of his book—more than a hundred pages—to a discussion of the railway agitation and Granger legislation. One chapter deals with the history of the Grange from the founding of the

Order in 1867 to the year 1880 ; another is devoted to Grange co-operative enterprises ; and a third to the social and educational activities of the Order.

The value of the study is enhanced by the addition of a Bibliography extending to nearly forty pages.

The author's method of presenting his material is thoroughly sound and scholarly. The result is an eminently readable study of a movement which has had a profound influence on the development of agricultural organisation in the United States.

#### UNITED STATES.

WAUGH (FRANK A.) : *Rural Improvement*. New York, 1914. The Orange Judd Company. 8vo, 259 pp. ill.

The author of *Rural Improvement* has written a number of books of a type which is sufficiently well indicated by their titles, — *Landscape Gardening*, *The American Apple Orchard*, *The Landscape Beautiful*, *The Beginner's Guide to Fruit Growing*, etc. It is for this reason perhaps that, he has succeeded where others have failed and has written a really practical and useful manual on rural improvement, which he defines as "the principles of civic art applied to rural conditions including village improvement and the betterment of the open country." Mr Waugh does not discuss *why* the country should be improved : he shows *how* it may be improved, and deals with the very definite problems of planning roads and streets, laying out public gardens and recreation grounds, planting roadside trees, building village schools and public halls. These he treats as technical questions and suggests, advises and criticises, illustrating his argument with a large number of plans and photographs.

At the same time he recognises that the problem of rural improvement is not simply a technical problem to be solved by the architect and the landscape gardener. It is not only a question of how to do things, but also of how to get things done ; and the author, therefore discusses in the final chapters of his book the best methods of securing the co-operation of all the members of a community in carrying out improvement programmes.





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